GSH

CREATING WORLD-CLASS SPACES

ANNUAL REPORT 2018

CONTENTS

MISSION

To grow stakeholder value from delivering premium real estates and services for the residential,commercial and hospitality markets in Asia and beyond.

VISION

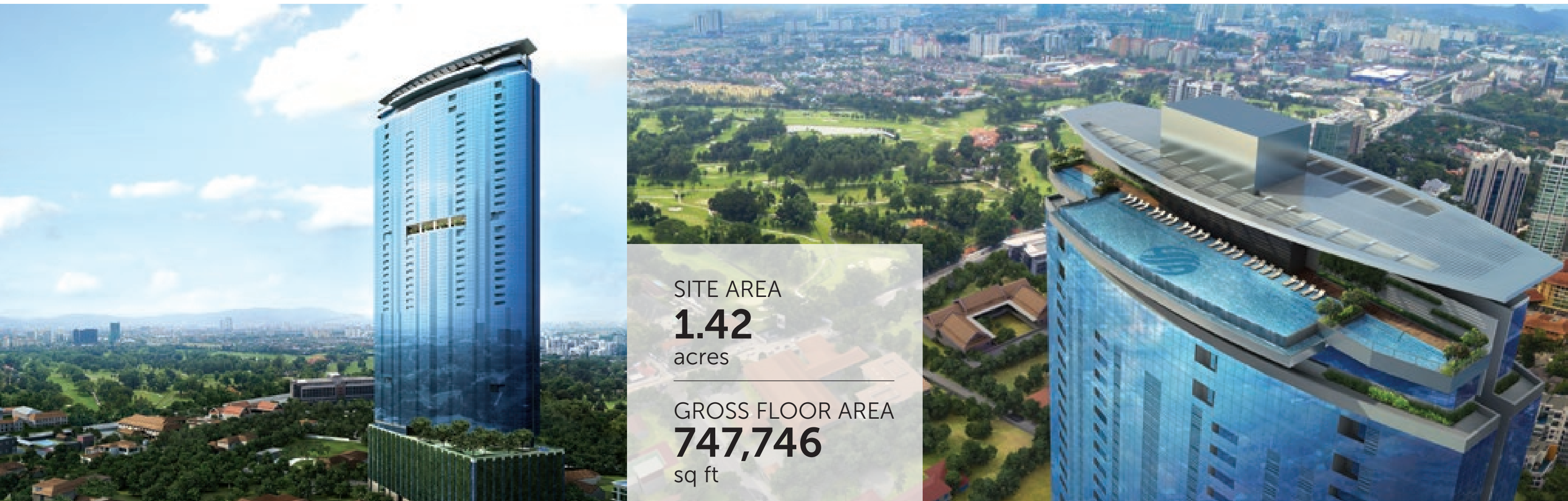
Creating world-class spaces for living, business and leisure.

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, and the Sutera@Mantanani Resort, an idyllic, 30-room resort on the Mantanani Islands in Sabah.

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.

AT A GLANCE



SITE AREA
1.42
acres

GROSS FLOOR AREA
747,746
sq ft

SITE AREA
12.11
acres

GROSS FLOOR AREA
1,285,401
sq ft

MAGELLAN SUTERA
456
rooms

PACIFIC SUTERA
500
rooms

SUTERA HARBOUR MARINA, GOLF & COUNTRY CLUB
27
holes award-winning championship golf course

SUTERA@MANTANANI
30
rooms

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.

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.

FINANCIAL HIGHLIGHTS

PROPERTY DEVELOPMENT

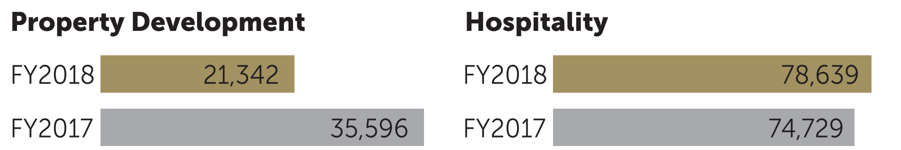
In FY2018, the Group's property development business posted revenue of S$21.3 million, compared to S$35.6 million in FY2017. Sales from the Group's Coral Bay residential project in Kota Kinabalu, which received strong interest during its launch earlier in 2018, will be progressively recognised over the development period of the project, possibly from FY2019.

During the year in review, the Group's property development business turned in profit before tax of S$8.8 million, as compared to S$94.7 million in FY2017, in the absence of the disposal gain of S$74.5 million from the sale of its entire investment in Plaza Ventures Pte Ltd.

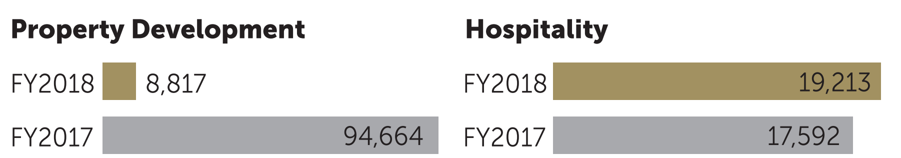
HOSPITALITY

The Group's hospitality assets in Kota Kinabalu, Sabah – namely Pacific Sutera Hotel and Magellan Sutera Resort – achieved higher average room rates and improvement in banqueting business in FY2018. Despite the increased competition from new hotels in Kota Kinabalu, Sabah, the Group's hospitality business continued to achieve record revenue and profit before tax of S$78.6 million and S$19.2 million respectively.

REVENUE BY ACTIVITY (S$'000)



PROFIT BEFORE TAX (S$'000)



GROUP STRUCTURE

- GSH
  - GSH Properties Pte Ltd 100%
    - Twin Towers Properties Limited 100%
      - GSH Properties (Malaysia) Pte Ltd 100%
        - City View Ventures Sdn Bhd 100%
    - GSH Island Investments Pte Ltd 90%
      - Rainbow Properties Sdn Bhd 100%
    - Ocean View Point Pte Ltd 100%
      - Altheim International Ltd 75%
        - Mewabumi Sdn Bhd 100%
    - Ocean View Ventures Pte Ltd 100%
      - MXIM Holdings Pte Ltd 100%
        - Mainfield Holdings Ltd 100%
    - GSH Facilities Management (Malaysia) Sdn Bhd 100%
    - Borneo Ventures Pte Ltd 100%
      - The Sutera Harbour Group Sdn Bhd 77.5%
        - Sutera Yacht Services Sdn Bhd 30%
        - Sutera Harbour Resort Sdn Bhd 100%
    - Prime Peninsular Holdings Pte Ltd 100%
      - Aspirasi Kukuh Sdn Bhd 50%
  - GSH (Middle East) Pte Ltd 100%
  - GSH International Enterprise Pte Ltd 56%
    - 青岛提米供应链有限公司 90%
  - 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 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,
PLUS, 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) 8 8318 888
Fax: (60) 8 8317 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

Rainbow Properties Sdn Bhd
Sutera@Mantanani
1 Sutera Harbour Boulevard
Kota Kinabalu
88100 Sabah
Malaysia
Tel: (60) 8 8318 888
Fax: (60) 8 8317 540

City View Ventures Sdn Bhd
Correspondence address:
Level 45, Capital Tower,
Platinum Park, No. 10,
Persiaran KLCC 50088
Kuala Lumpur
Tel: (60) 3 2633 3168
Fax: (60) 3 2633 3033

Aspirasi Kukuh Sdn Bhd
Correspondence address:
Level 45, Capital 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

青岛提米供应链有限公司
山东省青岛市
崂山区科苑纬一路1号
国际创新园G座707
邮区266101

MESSAGE TO SHAREHOLDERS

IN DECEMBER 2018, THE GROUP ACQUIRED A PRISTINE RESORT SET AMIDST AZURE WATERS - THE FORMER VIVA MANTANANI RESORT, LOCATED AT MANTANANI ISLAND IN KOTA BELUD, SABAH, MALAYSIA.

Dear Shareholders,

The highlight of the year in review was the successful launch of our Coral Bay luxury condominium project in Kota Kinabalu. At a special preview held at Coral Bay's show suites in Magellan Sutera Resort, some 100 units were released for the event, and these were over-subscribed. Since then, we have marketed the project to various parts of Malaysia, China, Hong Kong, Korea and Singapore.

Meanwhile, all hands are on deck for our second residential project in Kuala Lumpur's historical precinct of Petaling Street. Also known as Chinatown, Petaling Street was the place where early Chinese settlers congregated when they came to Malaysia to work in the booming tin mining industry in the 1800s.

At this strategic location, we plan to develop a premium 1,880-unit condominium that should be launch ready, towards the end of 2019 or early 2020. Our architects, Swan & Maclaren, visualise a modern, contemporary 69-storey skyscraper that will add a bold expression to the city's impressive skyline. Designed to capture the magnificent views of KLCC Petronas Twin Towers, Lake Gardens, KL 118 Tower, and Kuala Lumpur Sentral, this iconic project is a 5-minute walk to Chinatown and Pasar Seni MRT station.

FINANCIAL HIGHLIGHTS

For the full-year ended 31 December 2018, the Group posted a net profit attributable to shareholders of S$5.9 million on the back of revenue amounting to S$100.0 million, boosted by continued strong performance by our two hotels in Kota Kinabalu, and initial sales contributions from the launch of our Coral Bay residential project, adjacent to Sutera Harbour Resort. As at 31 December 2018, the Group had secured sales of S$201.0 million from the units sold in Eaton Residences, of which sales of S$41.0 million had been recognised. The balance sales of S$160.0 million will be progressively recognised over the development period of the projects.

Our two hotels at Sutera Harbour Resort, namely, the Pacific Sutera Hotel and the Magellan Sutera Resort continued to achieve robust occupancy rates, thanks to the attractiveness of Kota Kinabalu and Sabah to key tourist markets of Southeast and North Asia.

The Group's earnings per ordinary share was 0.303 cents while net asset value per ordinary share was 19.24 cents, as at 31 December 2018. Cash and cash equivalents stood at S$126.7 million.

SUTERA HARBOUR RESORT EXPANDS TO MANTANANI ISLAND IN SABAH

In line with our core mission of creating world-class spaces, the Group, in December 2018, acquired a pristine resort set amidst azure waters - the former Viva Mantanani Resort, located at Mantanani Island in Kota Belud, Sabah, Malaysia.

MESSAGE TO SHAREHOLDERS

Coveted for its powdery white beaches and crystal clear waters, Mantanani Island is located about 40km northwest from Kota Belud, a town just 80km north of Kota Kinabalu. From the city, it is about one and half hours by car to Kota Belud, and a 30-minute boat ride from Kota Belud jetty.

The boutique resort, with 30 well-appointed rustic chalets, offers some of the best diving and snorkelling activities in the area, as well as breath-taking views of Mount Kinabalu. On full-moon nights, bioluminescent plankton lights up the sea with its magical bluish glow.

With the Acquisition, the Resort has since been rebranded as Sutera@Mantanani as we intend to upgrade the facilities and service quality of the Resort to make it consistent with the Sutera Harbour brand.

UPDATE ON HENAN ZHONGYUAN

In FY2018, our associated company in China, Henan Zhongyuan Group, which owns and operates one of the largest food logistics and warehousing hubs in Zhengzhou in Henan Province, continued to reap good returns for the Group. In 2018, Henan Zhongyuan Group generated revenue of approximately S$30.3 million.

MOVING AHEAD

On 22 October 2018, the Group incorporated a 56%-owned subsidiary, GSH International Enterprise, which plans to set up a joint venture in the PRC to own and operate a B2B online frozen foods supply chain platform.

On the property development front, we continue to explore new opportunities in the region and in China, ever focusing on our paramount strategy of creating premium, signature designs and developing world-class real estate in unique prime locations and key city gateways.

This strategy has served us well, and we are confident that it will continue to position us for higher levels of growth in the future.

APPRECIATION

We are grateful for the support of all our stakeholders – our customers, business partners, shareholders, directors, management and staff.

We look forward to meeting you at the upcoming Annual General Meeting, and wish you a successful 2019!

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
Independent 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
20 April 2018

Length of service as a director (as at 31 December 2018)
6 years 5 months

Shares in the Company
1,106,204,475

Present Directorships (as at 31 December 2018)
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
- Rainbow Properties Sdn Bhd
- 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
- 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 (2016 to 2018)
- JSL Foods, Inc.
- Main On Foods (USA) Corp.
- Plaza Ventures Pte Ltd
- Ragri Pte Ltd
- Sun Resources Holdings Pte Ltd
- Super Group Ltd
- Tan Kah Kee Foundation
- Tianjin Junhe Industrial Corporation Ltd
- Tianjin Junhe Investment Co., Ltd

Major Appointments (other than Directorships)
- Vice Chairman of Envictus International Holdings Limited
- Vice-Chairman of JB Foods Limited
- Singapore's Non-Resident Ambassador to the Federative Republic of Brazil
- 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
- 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
- Honorary 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
- Distinguished Business Leader Of The Year Award - World Chinese Economic Forum (2018)
- 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 2018)
11 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 2018)
Listed Company
- GSH Corporation Limited

Group Companies of GSH Corporation Limited
- Advanced Prestige Sdn Bhd
- Altheim International Limited
- Aspirasi Kukuh Sdn Bhd
- 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 Facilities Management (Malaysia) Sdn Bhd
- GSH International Enterprise Pte Ltd
- GSH Island Investments Pte Ltd
- 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
- Prime Peninsular Holdings Pte Ltd
- Rainbow Properties Sdn Bhd
- 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
- Twin Towers Properties Limited
- 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 (2016 to 2018)
- GSH Investments Limited
- Plaza Ventures Pte Ltd
- S11 Group Co. Limited

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

GOI KOK MING KENNETH
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 2018)
6 years 5 months

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

Present Directorships (as at 31 December 2018)
Listed Companies
- GSH Corporation Limited
- Hanwell Holdings Limited

Group Companies of GSH Corporation Limited
- Advanced Prestige Sdn Bhd
- Altheim International Limited
- Aspirasi Kukuh Sdn Bhd
- 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 Facilities Management (Malaysia) Sdn Bhd
- GSH International Enterprise Pte Ltd
- GSH Island Investments Pte Ltd
- 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
- Prime Peninsular Holdings Pte Ltd
- Rainbow Properties Sdn Bhd
- 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
- Twin Towers Properties Limited
- 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 (2016 to 2018)
- GSH Investments Limited
- Plaza Ventures 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)

LEE CHOON HUI FRANCIS

Vice Chairman and Lead Independent Director

Date of first appointment as a director
11 July 2003

Date of last re-election as a director
20 April 2018

Length of service as a director (as at 31 December 2018)
15 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 2018)

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
- Phillip Enterprise Fund Limited
- Phillip Ventures Enterprise Fund 5 Limited

Past Directorships over the last 3 years (2016 to 2018)
- PT. Hijau Lestari Raya Fibreboard
- PT. Toshiba Visual Media Network Indonesia
- Raffles Marina Holdings Ltd
- Raffles Marina Ltd

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 (1992-2018)

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 2018)
11 years 2 months

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

Academic & Professional Qualifications
- Bachelor of Science in Maritime Studies, Plymouth University UK
- Master of Arts in South East Asian Studies, 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 2018)
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

Past Directorships over the last 3 years (2016 to 2018)
- Ascendas Property Fund Trustee Pte Ltd
- Asian Cruising Pte Ltd
- Raffles Marina Holdings Ltd
- The Masonic Hall Board Ltd
- Vietnam Hospitality Ltd
- VinaCapital Vietnam Opportunity Fund Limited

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)

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

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

LEE HWEE KHOON, JULIETTE
Non-executive Director

Date of first appointment as a director
23 July 2012

Date of last re-election as a director
20 April 2018

Length of service as a director (as at 31 December 2018)
6 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 2018)
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 (2016 to 2018)
- 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 2018)
6 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 2018)
Listed Company
- GSH Corporation Limited

Past Directorships over the last 3 years (2016 to 2018)
- Dataquest Pte Ltd
- Super Plates Pte Ltd

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

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

SUN YU
Independent Director

Date of first appointment as a director
28 August 2017

Date of last re-election as a director
20 April 2018

Length of service as a director (as at 31 December 2018)
1 year and 4 months

Shares in the Company
Nil

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

Present Directorships (as at 31 December 2018)
Listed Company
- GSH Corporation Limited

Non-listed companies
- The Analyst Capital
- Eight Roads Capital

Past Directorships over the last 3 years (2016 to 2018)
- 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:
1.42 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:
1,285,401 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 100% 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.

PETALING STREET RESIDENCES

KUALA LUMPUR, MALAYSIA

Site Area:
3.44 acres

Our second luxury residential project in Kuala Lumpur, Petaling Street Residences, will be a 69-storey modern skyscraper in the heart of Kuala Lumpur's historical Chinatown precinct.

Yielding around 1,880 apartment units, Petaling Street Residences boasts a pool deck and gym at Level 68 as well as a roof top viewing deck offering a panoramic view of the city. It is only a 5-minute walk to Chinatown and Pasar Seni MRT station.

The Group owns 50% of the Petaling Street Residences project.

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

THE PACIFIC SUTERA HOTEL

KOTA KINABALU, MALAYSIA

Site Area:
13.12 acres

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

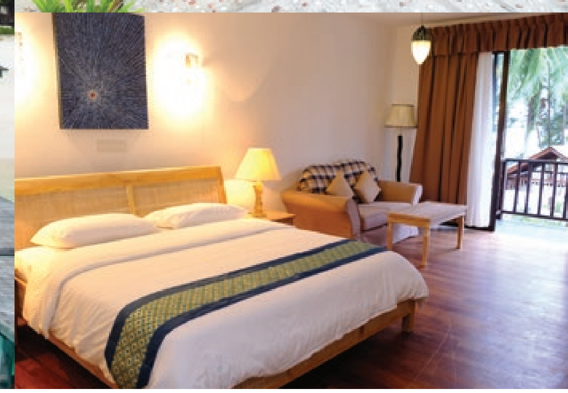
The Club's 27-hole golf course is built on undulating terrain and divided into 43 distinct courses of varying difficulty.

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



SUTERA @ MANTANANI RESORT

10 deluxe villas and 20 beach chalets

Acquired by the Group in December 2018, the Sutera @ Mantanani Resort, managed by Sutera Harbour Resort, is an exclusive island resort, with 30 beach-fronting chalets and villas, set amidst the idyllic Mantanani Islands, some 40km northwest from the coastal town of Kota Belud, some 80km north of Kota Kinabalu.

From the city, it is about one and half hours by car to Kota Belud, and a 30-minute boat ride from Kota Belud jetty to Mantanani Islands.

Coveted for its powdery white beaches, crystal clear waters and rich marine life, the Resort offers some of the best scuba diving and snorkelling activities with its fully-equipped dive centre, or other water sports such as kayaking against the stunning backdrop of Mount Kinabalu. Fishing enthusiasts will enjoy a peaceful time angling at a deserted island, or learning how to fish like the locals. Those wanting the ultimate thrill can also heat out for a spot of game fishing.

On full-moon nights, the Resort organizes the magical Blue Tears tour – where bioluminescent plankton lights up the sea with its characteristic bluish glow.

The Resort's comfortable accommodations – 20 beach chalets and 10 family-sized villas with private balconies - let guests savour the soothing sea breezes of the South China Sea.

A perfect holiday destination, Sutera@Mantanani offers full-board dining options at its Lumba-Lumba Island Café, which serves local and international cuisine.

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
Independent 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 PLUS
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

Shanghai Pudong Development Bank Co. Ltd, Singapore Branch

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 2018. 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 four are non-executive independent directors, one non-executive non-independent director 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
Sun Yu

Non-Executive Non-Independent Director
Juliette Lee Hwee Khoon

The Company has complied with Guideline 2.2 of the Code with independent directors making up at least half of the Board where the Chairman of the Board is not 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 approval include appointments to the Board, business plans and strategies, the annual budget, material transactions, public announcements, and dividends to shareholders.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

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 2018

	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	1	1	3	3
Gilbert Ee Guan Hui	4	4	NA	NA	1	1	NA	NA
Juliette Lee Hwee Khoon	4	4	4	4	NA	NA	3	3
Michael Grenville Gray	4	4	4	4	NA	NA	3	3
Huang Lui	4	4	4	4	1	1	3	3
Kenneth Goi Kok Ming	4	4	NA	NA	NA	NA	NA	NA
Sun Yu	4	3	NA	NA	NA	NA	NA	NA

NA: Not Applicable

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

All the Directors attended the Annual General Meeting held on 20 April 2018.

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.

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 and Company Secretary have provided training or briefing sessions on the more recent changes to accounting standards and also on the revised Code of Corporate Governance 2018 which is applicable to annual report covering financial year commencing from 1 January 2019.

CORPORATE GOVERNANCE REPORT

Sustainability Reporting

The Board also regard 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, together with a co-sponsor, Jebsen & Jessen (SEA) Ptd Ltd, 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 year ended 2017, developed in accordance with the SGX Sustainability Reporting Guidelines, was released on 7 November 2018 via SGXnet announcement.

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.

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.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

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 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.

CORPORATE GOVERNANCE REPORT

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 FY2018 and expects that the Directors will continue to discharge their duties adequately in FY2019.

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, Gilbert Ee Guan Hui, Michael Grenville Gray and Huang Lui, shall retire from office by rotation, 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.

CORPORATE GOVERNANCE REPORT

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 FY2018. 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 regard 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.

CORPORATE GOVERNANCE REPORT

Company Secretary

Both the Corporate Secretarial services and the Company Secretary; are outsourced to Park Crescent 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;

CORPORATE GOVERNANCE REPORT

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

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 Director, 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.

The remuneration structure for Non-Executive Directors' fees, which is being reviewed by the RC periodically, is as follows:

Roles	Per annum	Per annum
Board of Directors	S$40,000 (Member)	S$58,000 (Vice Chairman)
Audit Committee	S$15,000 (Member)	S$30,000 (Chairman)
Other Committees	S$7,500 (Member)	S$15,000 (Chairman)

CORPORATE GOVERNANCE REPORT

The breakdown of the total remuneration of the Non-Executive Directors of the Company for financial year ended 31 December 2018 is set out below:

Name of Director	Salary S$	Bonus S$	Directors' Fee S$	Total Remuneration S$
Francis Lee Choon Hui *(Vice Chairman and Lead Independent Director)*	–	–	116,412	116,412
Michael Grenville Gray *(Non-Executive Independent Director)*	–	–	77,500	77,500
Juliette Lee Hwee Khoon *(Non-Executive Non-Independent Director)*	–	–	62,500	62,500
Huang Lui (*Non-Executive Independent Director)*	–	–	77,500	77,500
Sun Yu *(Non-Executive Independent Director)*	–	–	40,000	40,000

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.

CORPORATE GOVERNANCE REPORT

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 renewed for a fixed period of one year, from year to 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 renewed for a fixed period of one year, from year to 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 the Executive Director's Remuneration and Top Five Key Managers

The remuneration of the Executive 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 Executive Director's remuneration payable for financial year ended 31 December is as follows:

Name of Director	**Salary (%)**	**Bonus (%)**	**Directors' Fee (%)**	**Total Remuneration (%)**
Sam Goi Seng Hui *Executive Chairman* *(between S$250,000 to S$500,000)*	100.0%	0.0%	0.0%	100.0%
Gilbert Ee Guan Hui *Chief Executive Officer* *(between S$250,000 to S$500,000)*	100.0%	0.0%	0.0%	100.0%
Kenneth Goi Kok Ming *Chief Operating Officer* *(between S$500,000 to S$750,000)*	65.4%	34.6%	0.0%	100.0%

CORPORATE GOVERNANCE REPORT

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. The remuneration banding of the top five key managers of the Company for financial year ended 31 December 2018 is set out below:

Remuneration Banding	Number of Key Manager(s)
Between S$500,000 to S$750,000	1
Between S$250,000 to S$500,000	2
Less than S$250,000	2

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 2018.

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, as well as safeguarding the interest of stakeholders.

The Board also reviews the legal and regulatory compliance reports from Management to ensure compliance with the relevant legislative and regulatory requirements.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

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 2018

During the ARC quarter 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 consider that they are appropriate for this form of revenue recognition.

CORPORATE GOVERNANCE REPORT

Significant matters	**How the ARC reviewed these matters and what decisions were made**
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 amounts 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.
Investment in equity accounted investee – Henan Zhongyuan Group ("HZY")	ARC had been provided by management with details of the external valuer, the amount of the valuation of the investment properties and land use rights and details of the significant long overdue other receivables of HZY. The ARC considered the approach and methodology applied to the valuation of the investment properties and land use rights of HZY, and reviewed the assessment of recoverability of the significant long overdue other receivables ("Other Receivables") of HZY. Having discussed with management and the external auditors, the ARC is satisfied that the investment properties and land use rights of HZY were valued appropriately and the allowance made for impairment losses of the Other Receivables were reasonable.

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 2018. Refer to page 56 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 corrected and uncorrected audit misstatements and was of the view that there was no need for an adjustment to the uncorrected 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.

CORPORATE GOVERNANCE REPORT

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 2018, please refer to note 26 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.

CORPORATE GOVERNANCE REPORT

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 Auditors 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.

CORPORATE GOVERNANCE REPORT

(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.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

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

  The Group has established procedures for recording, reporting, reviewing and approving, interested person transactions. Below are the IPTs entered by the Group for the financial year ended 2018:

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000)	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$2,976,241	Not applicable – the Group does not have a shareholders' mandate pursuant to Rule 920 of the Listing Manual
Gilbert Ee Guan Hui *CEO* *(please see Note (i) for further details)*	S$347,625	

Note:

(i) Interest paid for the subscription of 5.15% fixed rate notes due 2019, 2020 and 2021 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 2018.

DIRECTORS' STATEMENT

YEAR ENDED 31 DECEMBER 2018

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 2018.

In our opinion:

(a) the financial statements set out on pages 62 to 163 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 2018 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 (International); 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

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	At end of the year
Sam Goi Seng Hui			
GSH Corporation Limited	Ordinary Shares (Direct)	968,796,975	979,652,475
	$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	$21,000,000

DIRECTORS' STATEMENT

YEAR ENDED 31 DECEMBER 2018

Directors' interests (cont'd)

Name of director and corporation in which interests are held	Description of interests	At beginning of the year	At end of the year
Sam Goi Seng Hui (cont'd)			
GSH Corporation Limited	$50,000,000 5.15% fixed rate notes due in 2021 (Direct)	–	$10,000,000
	$50,000,000 5.15% fixed rate notes due in 2021 (Deemed)	–	$500,000
Gilbert Ee Guan Hui			
GSH Corporation Limited	Ordinary Shares (Direct)	52,629,478	629,478
	Ordinary Shares (Deemed)	105,913,600	157,913,600
	$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	$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	$1,000,000
	$50,000,000 5.15% fixed rate notes due in 2021	–	$1,000,000
Juliette Lee Hwee Khoon			
GSH Corporation Limited	$70,000,000 5.15% fixed rate notes due in 2020	$250,000	$250,000
	$50,000,000 5.15% fixed rate notes due in 2021	–	$250,000
Michael Grenville Gray			
GSH Corporation Limited	$70,000,000 5.15% fixed rate notes due in 2020	$250,000	$250,000
	$50,000,000 5.15% fixed rate notes due in 2021	–	$250,000

DIRECTORS' STATEMENT

YEAR ENDED 31 DECEMBER 2018

Directors' interests (cont'd)

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

The changes in the above mentioned interests in the Company between the end of the financial year end and 21 January 2019 are as follows:

Name of director and corporations in which interests are held	Description of interests	At end of the year	At 21 January 2019
Sam Goi Seng Hui			
GSH Corporation Limited	Ordinary Shares (Direct)	979,652,475	1,106,204,475
Sun Yu			
GSH Corporation Limited	Ordinary Shares (Deemed)	23,509,400	–

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 And Risk Committee

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

DIRECTORS' STATEMENT

YEAR ENDED 31 DECEMBER 2018

Audit And Risk Committee (cont'd)

The Audit and Risk Committee has held four meetings since the last directors' statement. In performing its functions, the Audit and 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 and 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-ST Listing Manual).

The Audit and 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 and Risk Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit and 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 and subsidiaries, we have complied with Rules 712 and 715 of the SGX-ST Listing Manual.

Auditors

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

On behalf of the Board of Directors

Gilbert Ee Guan Hui
Director

Kenneth Goi Kok Ming
Director

28 March 2019

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY GSH CORPORATION LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of GSH Corporation Limited ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 62 to 163.

In our opinion, the accompanying consolidated 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 Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated 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 3.14 and Note 22 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 SFRS(I) 15 *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.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY GSH CORPORATION LIMITED

OUR RESPONSE:

We evaluated the Group's processes and contracts 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. Construction work that has been contracted to third parties, we agreed the contract sum 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 construction 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 9 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 value. 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 and an overstatement of the current carrying value of such properties.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY GSH CORPORATION LIMITED

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 comparable 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.

Investment in equity accounted investee – Henan Zhongyuan Group

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

RISK:

The carrying value of the Group's interest in the associate amounted to $63 million as at 31 December 2018. The associate's main underlying assets are investment properties in the People's Republic of China and other receivables.

These investment properties are stated at fair value, determined based on independent external valuations. Significant judgement and estimates are involved in determining the appropriate valuation methods and assumptions applied in the valuations. A change in the key assumptions by the valuer such as the discount rate, capitalisation rate, ability to operate as a going concern, and market comparable used may impact the valuation significantly. Impairment of other receivables is a subjective area due to the level of judgement applied by management in determining impairment allowances. In accordance with SFRS (I) 9 *Financial Instruments*, the analysis on the expected credit loss depends on the availability of detailed information, including past events and current conditions.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY GSH CORPORATION LIMITED

OUR RESPONSE:

The Group has engaged an independent property valuer to assess the fair value of investment properties and land use rights. We evaluated the competence, capabilities and objectivity of the independent valuer.

We used our own valuation specialists' knowledge to assist us in challenging the methodology used and the valuation approach adopted by the valuer. The valuation specialist has considered the key assumptions used by comparing to market data, when necessary, and held further discussion with the valuer.

We reviewed the ageing analysis and assessed the recoverability of the significant long overdue other receivables. We also examined subsequent receipts from the debtors, or where there were no subsequent receipts, we assessed the repayment ability of the borrowers, evaluated the availability of collaterals, and reviewed the relevant supporting documents, taking into account the various possible scenarios to recover the outstanding receivables.

OUR FINDINGS:

We are satisfied with the competence, capabilities and objectivity of the independent valuer. The independent valuer is a member of generally recognised professional bodies and has considered their own independence in carrying out their work.

The valuation methodologies adopted by the independent valuer were found to be appropriate and comparable to the methods used in the prior year. The key assumptions used in the valuation were found to be balanced and where relevant, supported by market data.

We also found management's assessment of the recoverability of other receivables and the allowance made for impairment losses to be reasonable and the disclosures to be appropriate.

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 SFRS(I)s, 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.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY GSH CORPORATION LIMITED

- 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
28 March 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		Group			Company		
	Note	2018 $'000	2017 $'000	1 Jan 2017 $'000	2018 $'000	2017 $'000	1 Jan 2017 $'000
Assets							
Property, plant and equipment	4	410,011	403,404	397,415	29,381	29,962	21,689
Investment property	5	4,952	5,260	6,158	–	–	–
Subsidiaries	6	–	–	–	291	313	260
Associate	7	62,901	58,640	–	–	–	–
Other investments	8	75,435	–	–	75,435	–	–
Trade and other receivables	13	1,846	–	–	–	–	–
Non-current assets		555,145	467,304	403,573	105,107	30,275	21,949
Development properties	9	291,007	175,707	737,937	–	–	–
Contract costs	10	40,654	39,022	1,450	–	–	–
Contract assets	11	12,777	14	43,983	–	–	–
Inventories	12	946	986	737	–	–	–
Trade and other receivables	13	8,627	13,602	11,117	1,191	4,713	4,567
Amounts due from related parties	14	567	–	–	430,904	333,049	356,152
Time deposits	15	8,989	6,465	8,439	–	–	–
Cash and cash equivalents	15	126,676	230,219	308,676	83,138	183,290	287,686
Derivative financial asset	21	41	–	–	–	–	–
Current assets		490,284	466,015	1,112,339	515,233	521,052	648,405
Total assets		1,045,429	933,319	1,515,912	620,340	551,327	670,354
EQUITY							
Share capital	16	343,458	343,458	343,458	343,458	343,458	343,458
Treasury shares	16	(5,131)	(5,131)	(5,131)	(5,131)	(5,131)	(5,131)
Reserves	17	(38,781)	(30,553)	(36,879)	(4,580)	–	–
Accumulated profits/(losses)		77,267	112,182	44,235	(260)	33,640	(26,258)
Equity attributable to owners of the Company		376,813	419,956	345,683	333,487	371,967	312,069
Non-controlling interests		77,927	58,147	92,451	–	–	–
Total equity		454,740	478,103	438,134	333,487	371,967	312,069
LIABILITIES							
Trade and other payables	18	–	–	2,176	–	–	–
Contract liabilities	11	975	818	540	–	–	–
Loans and borrowings	19	306,980	327,328	235,510	141,798	149,319	72,559
Deferred tax liabilities (net)	20	58,647	58,475	62,939	–	–	–
Non-current liabilities		366,602	386,621	301,165	141,798	149,319	72,559
Trade and other payables	18	34,176	36,100	44,370	2,533	13,778	15,173
Contract liabilities	11	4,881	8,491	4,210	–	–	–
Amounts due to related parties	14	38,182	301	64,448	14,956	14,447	13,948
Derivative financial liabilities	21	–	884	12,337	268	884	12,337
Loans and borrowings	19	146,386	20,957	650,511	127,238	809	244,268
Current tax liabilities		462	1,862	737	60	123	–
Current liabilities		224,087	68,595	776,613	145,055	30,041	285,726
Total liabilities		590,689	455,216	1,077,778	286,853	179,360	358,285
Total equity and liabilities		1,045,429	933,319	1,515,912	620,340	551,327	670,354

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Revenue	22	99,981	110,325
Cost of sales		(48,001)	(59,287)
Gross profit		51,980	51,038
Other net income	23	751	77,465
Selling and marketing expenses		(3,355)	(3,117)
Administrative expenses		(26,484)	(29,232)
Other expenses		(35)	(30)
Results from operating activities		22,857	96,124
Finance income		4,352	14,652
Finance expenses		(20,499)	(31,460)
Net finance costs	24	(16,147)	(16,808)
Share of profit of equity-accounted investee (net of tax)	7	6,714	17,327
Profit before tax		13,424	96,643
Tax expense	25	(4,882)	(5,651)
Profit for the year	26	8,542	90,992
Profit attributable to:			
Owners of the Company		5,940	87,536
Non-controlling interests		2,602	3,456
Profit for the year		8,542	90,992
Earnings per share			
Basic and diluted earnings per share (cents)	27	0.30	4.47
Other comprehensive income, net of tax*			
Items that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income – net change in fair value		(305)	–
Items that are or may be reclassified subsequently to profit or loss:			
Debt investments at fair value through other comprehensive income – net change in fair value		(3,777)	–
Effective portion of changes in fair value of cash flow hedges		(498)	–
Exchange differences on monetary items forming part of net investments in a foreign operation		(1,465)	1,977
Foreign currency translation differences realised on disposal of a subsidiary		–	930
Foreign currency translation differences relating to foreign operations		152	4,110
Share of foreign currency translation differences of equity-accounted investee		(2,453)	339
Other comprehensive income, net of tax*		(8,346)	7,356
Total comprehensive income for the year		196	98,348
Total comprehensive income attributable to:			
Owners of the Company		(2,288)	93,862
Non-controlling interests		2,484	4,486
Total comprehensive income for the year		196	98,348

* 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 2018

	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 2018

		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	16	–	–	–	–	(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	35	–	–	–	–	–	–	(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 CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2018

	Attributable to owners of the Company									
	Share capital $'000	Treasury shares $'000	Asset revaluation reserve $'000	Translation reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2018	343,458	(5,131)	4,132	(34,685)	–	–	112,182	419,956	58,147	478,103
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	5,940	5,940	2,602	8,542
Other comprehensive income										
Foreign currency translation differences relating to foreign operations	–	–	–	270	–	–	–	270	(118)	152
Exchange differences on monetary items forming part of net investment in a foreign operation	–	–	–	(1,465)	–	–	–	(1,465)	–	(1,465)
Share of foreign currency translation differences of equity-accounted investee	–	–	–	(2,453)	–	–	–	(2,453)	–	(2,453)
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	(498)	–	–	(498)	–	(498)
Net change in fair value -										
equity investments at FVOCI	–	–	–	–	–	(305)	–	(305)	–	(305)
debt investments at FVOCI	–	–	–	–	–	(3,777)	–	(3,777)	–	(3,777)
Total other comprehensive income, net of tax	–	–	–	(3,648)	(498)	(4,082)	–	(8,228)	(118)	(8,346)
Total comprehensive income for the year	–	–	–	(3,648)	(498)	(4,082)	5,940	(2,288)	2,484	196
Balances carried forward	343,458	(5,131)	4,132	(38,333)	(498)	(4,082)	118,122	417,668	60,631	478,299

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2018

	Note	← Attributable to owners of the Company →								Non-controlling interests $'000	Total equity $'000
		Share capital $'000	Treasury shares $'000	Asset revaluation reserve $'000	Translation reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Total $'000		
Balances brought forward		343,458	(5,131)	4,132	(38,333)	(498)	(4,082)	118,122	417,668	60,631	478,299
Transaction with owners, recognised directly in equity											
Contributions by and distribution to owners											
Dividends paid	16	–	–	–	–	–	–	(24,487)	(24,487)	–	(24,487)
Total contributions by and distributions to owners		–	–	–	–	–	–	(24,487)	(24,487)	–	(24,487)
Changes in ownership interests in a subsidiary											
Acquisition of subsidiaries with non-controlling interests	34	–	–	–	–	–	–	–	–	16,929	16,929
Acquisition of non-controlling interests without a change in control	36	–	–	–	–	–	–	(16,368)	(16,368)	367	(16,001)
Total changes in ownership interests in a subsidiary		–	–	–	–	–	–	(16,368)	(16,368)	17,296	928
Total transactions with owners		–	–	–	–	–	–	(40,855)	(40,855)	17,296	(23,559)
As at 31 December 2018		343,458	(5,131)	4,132	(38,333)	(498)	(4,082)	77,267	376,813	77,927	454,740

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Profit for the year		8,542	90,992
Adjustments for:			
Allowance for trade receivables	23	14	24
Change in fair value of investment property	23	422	431
Depreciation of property, plant and equipment	4	10,478	9,300
Gain on disposal of a subsidiary	23	–	(74,511)
Interest expense	24	19,644	19,024
Interest income	24	(1,757)	(3,200)
Dividend income	24	(1,172)	–
Net change in fair value of financial derivatives	24	(1,423)	(11,452)
Net foreign exchange gain arising from fixed deposit pledged	24	(83)	(144)
Net loss on disposal of property, plant and equipment	23	6	106
Write-back of allowance on inventories	12	(3)	(8)
Share of profit of equity-accounted investee (net of tax)	7	(6,714)	(17,327)
Tax expense	25	4,882	5,651
		32,836	18,886
Changes in working capital:			
Development properties		(7,474)	69,508
Contract costs		(1,632)	(39,022)
Contract assets/(liabilities)		(16,216)	4,545
Inventories		43	(241)
Trade and other receivables		3,002	(17,641)
Trade and other payables		(263)	2,179
Balances with related parties		(577)	301
Cash generated from operations		9,719	38,515
Tax paid		(6,248)	(4,459)
Net cash from operating activities		3,471	34,056
Cash flows from investing activities			
Acquisition of property, plant and equipment		(14,244)	(12,066)
Acquisition of subsidiary, net of cash acquired	34	(55,521)	–
Acquisition of equity-accounted investee		–	(40,974)
Acquisition of other investments		(79,517)	–
Deposits pledged		(4,923)	231,284
Placement of bank deposits		(2,524)	1,974
Disposals of a subsidiary, net of cash disposed off	35	–	157,149
Acquisition of non-controlling interest without a change of control	36	(16,001)	–
Interest received		1,886	5,711
Dividend received		1,172	–
Proceeds from sale of property, plant and equipment		19	5
Net cash (used in)/from investing activities		(169,653)	343,083

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Cash flows from financing activities			
Dividend paid		(24,487)	(19,589)
Interest paid		(20,230)	(22,553)
Payment of finance lease obligations		(441)	(386)
Proceeds from loans and borrowings		373,176	141,297
Repayment of loans and borrowings		(270,330)	(323,273)
Net cash from/(used in) financing activities		57,688	(224,504)
Net (decrease)/increase in cash and cash equivalents		(108,494)	152,635
Cash and cash equivalents at 1 January		191,656	38,973
Effect of exchange rate fluctuations on cash held		(54)	48
Cash and cash equivalents at 31 December	15	83,108	191,656

Purchase of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment amounting to $16,349,000 (2017: $8,533,000). 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 $2,085,000 (2017: $299,000); and

(b) a net decrease of $20,000 (2017: $3,590,000) related to other payables to suppliers of property, plant and equipment.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 March 2019.

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 PLUS Singapore 049705.

The financial statements of the Group as at and for the year ended 31 December 2018 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 investee.

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.

2. Basis of preparation

2.1 First-time adoption of Singapore Financial Reporting Standards International ("SFRS(I)s")

The financial statements have been prepared in accordance with SFRS(I). These are the Group's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore ("FRS").

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) 1 with 1 January as at the date of transition. SFRS(I) generally requires that the Group applies SFRS(I) that are effective as at 31 December 2018 on a retrospective basis as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. Except as described below, the application of the mandatory exceptions and optional exemptions in SFRS(I) did not have any significant impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

2. Basis of preparation (cont'd)

2.1 First-time adoption of Singapore Financial Reporting Standards International ("SFRS(I)s") (cont'd)

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 January 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.

- The comparative information do not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

- The Group elects to apply the optional exemption in respect of borrowing costs, whereby:

  – it accounts for borrowing costs incurred on or after the chosen date of transition in accordance with SFRS(I) 1-23 *Borrowing cost*, including those incurred on qualifying assets already under construction; and

  – it does not restate the borrowing costs capitalised under previous accounting policy before the date of initial application of SFRS(I) 1-23 *Borrowing cost*.

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group adopted the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;

- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;

- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;

- requirements in SFRS(I) 1 arising from the amendments to IFRS(I) – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;

- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and

- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

2. Basis of preparation (cont'd)

2.1 First-time adoption of Singapore Financial Reporting Standards International ("SFRS(I)s") (cont'd)

The Group early adopted SFRS(I) 15 *Revenue from Contracts* with Customers with a date of initial application of 1 January 2015. For an explanation on the revenue recognition under SFRS(I) 15, see note 3.14.

Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 described below, the adoption of these standards did not have any material effect on the financial position of the Group and the Company.

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening retained earnings at the date of initial application, 1 January 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

(i) Classification of financial assets and financial liabilities

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI – debt instrument, FVOCI – equity instrument; or FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under SFRS(I) 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

For an explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(I) 9, see note (3.3(ii)).

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

2. Basis of preparation (cont'd)

2.1 First-time adoption of Singapore Financial Reporting Standards International ("SFRS(I)s") (cont'd)

(i) Classification of financial assets and financial liabilities (cont'd)

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Company's financial assets as at 1 January 2018.

	Original classification under FRS 39	New classification under FRS 109	1 January 2018 Original carrying amount under FRS 39 $'000	New carrying amount under FRS 109 $'000
Group				
Trade and other receivables	Loans and receivables	Amortised cost	12,231	12,231
Cash and cash equivalents	Loans and receivables	Amortised cost	236,684	236,684
			248,915	248,915
Company				
Trade and other receivables	Loans and receivables	Amortised cost	4,645	4,645
Amounts due from related parties	Loans and receivables	Amortised cost	333,049	333,049
Cash and cash equivalents	Loans and receivables	Amortised cost	183,290	183,290
			520,984	520,984

(ii) Impairment of financial assets

SFRS(I) 9 replaces the 'incurred loss' model in FRS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets, debt investments at FVOCI and intra-group financial guarantee contracts, but not to equity investments. The adoption of the new impairment model under SFRS(I) does not affect the carrying amount of intra-group financial guarantee contracts at 1 January 2018, as the amount initially recognised less the cumulative amount of income recognised in accordance with SFRS(I) 15 is higher than the estimated ECL amount.

Additional information about how the Group and the Company measure the allowance for impairment is described in Note 32.

2. Basis of preparation (cont'd)

2.1 First-time adoption of Singapore Financial Reporting Standards International ("SFRS(I)s") (cont'd)

(iii) Hedging accounting

The Group adopted the new general hedge accounting model in SFRS(I) 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

The Group uses forward foreign exchange contracts to hedge the variability in cash flows arising from changes in foreign exchange rates relating to foreign currency debt investments. The Group designates only the change in fair value of the spot element of the forward exchange contract as the hedging instrument in cash flow hedging relationships. The effective portion of changes in fair value of hedging instruments is accumulated in a cash flow hedge reserve as a separate component of equity.

Under FRS 39, the change in fair value of the forward element of the forward exchange contracts ("forward points") was recognised immediately in profit or loss. However, under SFRS(I) 9 the forward points are separately accounted for as a cost of hedging; they are recognised in OCI and accumulated in a cost of hedging reserve as a separate component within equity.

Under FRS 39, for all cash flow hedges, the amounts accumulated in the cash flow hedge reserve were reclassified to profit or loss as a reclassification adjustment in the same period as the hedged expected cash flows affected profit or loss. However, under SFRS(I) 9, for cash flow hedges of foreign currency risk associated with forecast inventory purchases, the amounts accumulated in the cash flow hedge reserve are instead included directly in the initial cost of the inventory item when it is recognised. The same approaches also apply under SFRS(I) 9 to the amounts accumulated in the costs of hedging reserve.

The adoption of SFRS(I) 9 has not had a significant effect on the Group's hedge accounting requirements at 1 January 2018.

During the year, the Group designated certain hedging instruments to hedge the variability in cash flows associated with highly probable forecasted transactions arising from the changes in foreign exchange rates. For an explanation of how the Group applies hedge accounting under SFRS(I) 9, see note 3.3(v).

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

2. Basis of preparation (cont'd)

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) 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 3.14 – Revenue recognition

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 9 – Estimation of allowance for foreseeable losses for development properties
- Note 20 – 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 and Risk Committee.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

2. Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

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 observable market data (unobservable inputs).

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

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

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

- Note 5 – investment property; and
- Note 32 – financial instruments

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position at 1 January 2017 for the purposes of the transition to SFRS(I), except as explained in note 2.1, which addresses the changes in accounting policies.

The accounting policies have been applied consistently by the Group entities.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

Acquisitions from 1 January 2017

For acquisitions from 1 January 2017, the Group measures goodwill at the date of acquisition as:

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

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.

3. Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

For 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 SFRS(I)s.

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.

Acquisitions before 1 January 2017

As part of transition to SFRS(I), the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 January 2017.

(ii) Subsidiaries

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related non-controlling interests and the other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Investments in associate (equity-accounted investee)

Associate is entity 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 associate is 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 commences until the date that significant influence.

When the Group's share of losses exceeds its investment 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 investment is not allocated to any asset, including goodwill, that form part of the carrying amount of the associates.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(vi) 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.

(vii) Subsidiaries and associate in the separate financial statements

Investments in subsidiaries and associate 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. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- differences arising on the translation of monetary items that in substance form part of the Group's net investment in a foreign operation;
- an investment in equity securities designated at fair value through other comprehensive income (FVOCI) (except on impairment in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedge is effective.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

(ii) Foreign operations

The assets and liabilities of foreign operations, including 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.

Foreign currency differences are recognised in other comprehensive income. Since 1 January 2017, the Group's date of transition to SFRS(I), such differences have been recognised 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 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 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets: Business model assessment – Policy applicable from 1 January 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

3. Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018 (cont'd)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 January 2018

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial assets – Policy applicable before 1 January 2018

The Group classified non-derivative financial assets into the loans and receivables categories.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 January 2018

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets were recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were 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.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised loans and borrowings, trade and other payables, and amounts due to related parties.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial 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 set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded from cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(vi) Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting – Policy applicable from 1 January 2018

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in the hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve are immediately reclassified to profit or loss.

Derivative financial instruments and hedge accounting – Policy applicable before 1 January 2018

The policy applied in the comparative information presented for 2017 is similar to that applied for 2018. However, embedded derivatives are not separated from host contracts that are financial assets in the scope of SFRS(I) 9. Instead, the hybrid financial instrument is assessed as a whole for classification of financial assets under SFRS(I) 9.

3. Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(vii) 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.

(viii) 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 issued are initially measured at fair value and the initial fair value is amortised over the life of the guarantees. Subsequent to initial measurement, the financial guarantees are measured at the higher of the amortised amount and the amount of loss allowance.

ECLs are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Loss allowances for ECLs for financial guarantees issued are presented in the Company's statement of financial position as 'loans and borrowings'.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

(viii) Intra-group financial guarantees in the separate financial statements(cont'd)

Intra-group financial guarantees in the separate financial statements – Policy applicable before 1 January 2018

The policy applied in the comparative information presented for 2017 is similar to that applied for 2018. However, for subsequent measurement, the financial guarantees were measured at the higher of the amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable.

3.4 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)

3.4 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (cont'd)

3.4 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.

3.5 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. Property that is being constructed for future use as investment property is accounted for at fair value.

3.6 Impairment

(i) Non-derivative financial assets and contract assets

Policy applicable from 1 January 2018

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised costs;
- debt investments measured at FVOCI;
- contract assets (as defined in SFRS(I) 15); and
- intra-group financial guarantee contracts (FGC).

3. Significant accounting policies (cont'd)

3.6 Impairment (cont'd)

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

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default whenthe borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (cont'd)

3.6 Impairment (cont'd)

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

General approach (cont'd)

The Company considers a FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Company in full, without recourse by the Company to actions such as realising security (if any is held). The Company only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

3. Significant accounting policies (cont'd)

3.6 Impairment (cont'd)

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

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

For debt investments at FVOCI, loss allowances are charged to profit or loss and recognised in OCI.

Loss allowances for FGC are recognised as a financial liability to the extent that they exceed the initial carrying amount of the FGC less the cumulated income recognised.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 January 2018

A financial asset not carried at FVTPL, including an interest in an associate and joint venture, was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets (including equity investments) were impaired included 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 would enter bankruptcy, adverse changes in the payment status of borrowers or issuers, 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 decline1 in its fair value below its cost was objective evidence of impairment. The Group considered a decline of 20% to be significant and a period of 9 months to be prolonged.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (cont'd)

3.6 Impairment (cont'd)

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

Loans and receivables and contract assets

The Group considered evidence of impairment for loans and receivables and contract assets at both an individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

(ii) Associate

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (cont'd)

3.6 Impairment (cont'd)

(iii) Non-financial assets

The carrying amount of the Group's non-financial assets, other than investment property, development properties, inventories, contract assets 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.

3. Significant accounting policies (cont'd)

3.7 Development properties for sale

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.

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.

3.8 Contract costs

Incremental costs of obtaining a contract for the sale of a development property are capitalised if these costs are recoverable. Costs incurred to fulfil a contract are capitalised only if the costs relate directly to the contract, generate or enhance resources used in satisfying future performance obligations, and are expected to be recovered. These costs are amortised consistently with the pattern of revenue for the related contract. Other costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue on the contract. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

3.9 Contract assets and liabilities

Contract assets relate primarily to the Group's right to consideration for work completed but not billed at the reporting date in respect of its property development business. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

Contract liabilities relate primarily to:

- advance consideration received from customers for the sale of development property;
- progress billings issued in excess of the Group's rights to the consideration; and
- upfront golf membership fees received from customers.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (cont'd)

3.10 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.

3.11 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 a 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (cont'd)

3.12 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.

3.13 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.

3.14 Revenue recognition

Revenue from sale of goods and services in the ordinary course of business is recognised when the Company satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Company does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

3. Significant accounting policies (cont'd)

3.14 Revenue recognition (cont'd)

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

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 28.

Property segment

(i) Sale of development properties

Revenue is recognised when control over the property has been transferred to the customer. In respect of a development property where the Group has an enforceable right to payment for performance completed to date, revenue is recognised based on the percentage of completion. 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.

In respect of a development property where the Group has no enforceable right to payment until the property is delivered to the customer, revenue is recognised when the legal title has been transferred to the customer.

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.

Where the period between the satisfaction of a performance obligation and payment by the customer exceeds a year, the Group adjusts the transaction price with its customer and recognises a financing component. In adjusting for the financing component, the Group uses a discount rate that would reflect that of a separate financing transaction between the Group and its customer at contract inception.

Critical judgements in identifying performance obligations and measuring progress

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (cont'd)

3.14 Revenue recognition (cont'd)

Hospitality segment

(ii) Rendering of services – hotel income

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

The Group sells hotel packages to customers which include hotel stay, breakfast, spa services, and 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.

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. Significant accounting policies (cont'd)

3.15 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- the net gain or loss on the disposal of debt investments measured at FVOCI;
- the foreign currency gain or loss on financial assets and financial liabilities;
- impairment losses (and reversals) on debt investments carried at amortised cost or FVOCI;
- the gain on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination;
- hedge ineffectiveness recognised in profit or loss; and
- the reclassification of net gains and losses previously recognised in OCI on cash flow hedges of interest rate risk and foreign currency risk for borrowings.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (cont'd)

3.16 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.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

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.

Current tax and liabilities are offset only if certain criteria are met.

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

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

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

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

Deferred tax assets are recognised for unused tax losses, unused 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 used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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; such reductions are reversed when the probability of future taxable profits improves.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. Significant accounting policies (cont'd)

3.16 Tax (cont'd)

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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.

3.17 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.

3.18 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.

3.19 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact on adoption of these new requirements are set out in note 38.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

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 2017	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
Additions	1,981	2	7,123	184	1,248	611	5,200	16,349
Disposals/Write-off	–	–	–	–	(60)	–	–	(60)
Reclassification	–	–	1,898	–	175	–	(2,073)	–
Effect of movements in exchange rates	359	–	393	(26)	62	3	(36)	755
At 31 December 2018	186,701	26,788	220,471	3,115	40,819	3,039	5,225	486,158

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

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 2017	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
Depreciation charge	2,399	375	6,140	236	989	339	–	10,478
Disposals/Write-off	–	–	–	–	(35)	–	–	(35)
Reclassification	–	–	151	(151)	–	–	–	–
Effect of movements in exchange rates	(13)	–	(41)	–	50	(2)	–	(6)
At 31 December 2018	11,838	583	26,814	1,245	34,026	1,641	–	76,147
Carrying amounts								
At 1 January 2017	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
At 31 December 2018	174,863	26,205	193,657	1,870	6,793	1,398	5,225	410,011

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

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 2017	–	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
Additions	1	88	–	–	89
Disposals	–	(3)	–	–	(3)
At 31 December 2018	29,438	715	653	–	30,806
Accumulated depreciation					
At 1 January 2017	–	135	207	–	342
Depreciation charge	230	91	131	–	452
Disposals	–	(36)	–	–	(36)
At 31 December 2017	230	190	338	–	758
Depreciation charge	412	127	131	–	670
Disposals	–	(3)	–	–	(3)
At 31 December 2018	642	314	469	–	1,425
Carrying amounts					
At 1 January 2017	–	197	446	21,046	21,689
At 31 December 2017	29,207	440	315	–	29,962
At 31 December 2018	28,796	401	184	–	29,381

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	
	2018	**2017**
	$'000	**$'000**
Leasehold land	1,981	–
Motor vehicles	473	679
Office equipment	454	619
	2,908	1,298

During the year, the Group entered into a 30 years sublease agreement for a leasehold land located in Malaysia with an option to purchase, subject to the approval of the local authority. The lease is classified as finance lease.

Leasehold land (excluding leasehold land under finance lease)

At 31 December 2018, leasehold land of the Group with carrying amounts of $172,882,000 (2017: $174,909,000) represents the land located in Malaysia. The land lease will expire on 31 December 2091.

Security

At 31 December 2018, properties of the Group and Company with carrying amounts of $187,557,000 (2017: $189,822,000) and $28,796,000 (2017: $29,207,000) respectively are pledged as security to secure bank loans (see note 19).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

5. Investment property

	Note	Group 2018 $'000	Group 2017 $'000
At 1 January		5,260	6,158
Change in fair value	23	(422)	(431)
Effect of movements in exchange rates		114	(467)
At 31 December		4,952	5,260

Investment property comprise leasehold commercial property leased to external customers, held for capital appreciation and rental income. The leasehold property is situated in Jebel Ali Free Zone Area, Dubai with an initial non-cancellable lease period of 15 years and an option to renew for 15 years.

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 $4,952,000 (2017: $5,260,000) 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 value 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: 9%-11% (2017: 11%) • Expected gross rental income: $7 to $10 per sq feet (2017: $9 to $10 per sq feet) • Expected operating expenses: $2 to $3 per sq feet (2017: $3 to $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).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

6. Subsidiaries

	Company 2018 $'000	Company 2017 $'000
Equity investment, at cost	291	313

Details of subsidiaries are as follows:

Name of Subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Group 2018 %	Effective equity held by the Group 2017 %
GSH (Xiamen) Property Development Pte Ltd[1]	Investment holding	Singapore	100	100
GSH (Xi'an) Investments Pte Ltd[1]	Investment holding	Singapore	100	100
GSH Properties Pte Ltd[1]	Investment holding	Singapore	100	100
GSH Properties (Malaysia) Pte Ltd[1]	Investment holding	Singapore	100	100
GSH (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
MXIM Holdings Pte Ltd[1,6]	Investment holding	Singapore	100	79.4
Prime Peninsular Holdings Pte Ltd[1]	Investment holding	Singapore	100	–
GSH International Enterprise Pte Ltd[1]	Investment holding	Singapore	56.0	–
GSH Island Investments Pte Ltd[1]	Investment holding	Singapore	90.0	–
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[2,6]	Investment holding	Malaysia	100	67.5
Investasia Sdn Bhd[2,6]	Property development	Malaysia	100	67.5

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

6. Subsidiaries (cont'd)

Name of Subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Group 2018 %	2017 %
The Sutera Harbour Group Sdn Bhd[2]	Investment holding	Malaysia	77.5	77.5
Sutera Harbour Resort Sdn Bhd[2]	Investment holding	Malaysia	77.5	77.5
The Little Shop Sdn Bhd[2]	Retailing of clothing, souvenirs and convenience items	Malaysia	77.5	77.5
Sutera Harbour Travel Sdn Bhd[2]	Upmarket train services	Malaysia	77.5	77.5
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
Sutera Yacht Services Sdn Bhd[2,5]	Sale of fuel and other related bunkering services	Malaysia	23.2	23.2
Aspirasi Kukuh Sdn Bhd[1,5]	Property development	Malaysia	50.0	–
Rainbow Properties Sdn Bhd[1]	Island resort operation	Malaysia	90.0	–
GSH Facilities Management (Malaysia) Sdn Bhd[1]	Facilities management company	Malaysia	100	–
GSH (Xi'an) Property Development Co. Ltd[3]	Property development	People's Republic of China ("PRC")	100	–
GSH (Middle East) Pte Ltd[4]	Investment holding	British Virgin Islands	100	100
GSH Investment Limited[4,7]	Investment holding	Hong Kong	–	100
Altheim International Ltd[4]	Investment holding	British Virgin Islands	75.0	75.0
Mainfield Holdings Ltd[4,6]	Investment holding	British Virgin Islands	100	67.5

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

6. Subsidiaries (cont'd)

Name of Subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Group 2018 %	2017 %
Twin Towers Properties Limited[4]	Investment holding	British Virgin Islands	100	–

[1] Audited by KPMG LLP, Singapore
[2] Audited by KPMG, Malaysia
[3] Auditor has yet to be appointed
[4] Not required to be audited in accordance with the laws of country of incorporation
[5] The company is considered a subsidiary of the Group as the Group was exposed to variable returns from the company and had the ability to affect those returns through managements' control over the financial and operating policies of the company
[6] In 2018, the Company acquired additional equity interest of 20.6% in MXIM Holdings Pte Ltd and equity interest of 15% in Mainfield Holdings Limited for a consideration of RM25,846,000 (approximately $8,616,000) and RM22,154,000 (approximately $7,385,000), respectively, increasing its ownership from 79.4% and 85% to 100% (See Note 36)
[7] In 2018, the Group dissolved GSH Investment Limited by way of de-registration. The dissolved subsidiary did not have material impact on the net tangible assets or earnings per share of the Group for the financial year ended 31 December 2018

Impairment of investment in subsidiaries

The Company assesses at the end of each reporting date whether there is objective evidence that the investment in subsidiaries is impaired and recognises an impairment charge when such evidence exists.

Management is of the view that no allowance for impairment loss is required for the investment in subsidiaries as at 31 December 2018 and 2017.

7. Associate

	Group 2018 $'000	Group 2017 $'000
Interest in associate	62,901	58,640

Another member firm of KPMG International has been engaged for the associate for group consolidation purposes. For this purpose, an associated company is considered significant as defined under Singapore Exchange Limited Listing Manual if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits.

Details of associate are as follows:

Name of associate	Principal activities	Country of incorporation	Effective equity held by the Group 2018 %	2017 %
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")	Logistics and warehousing hub	People's Republic of China ("PRC")	30	30

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

7. Associate (cont'd)

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

	Group $'000
2018	
Revenue	30,331
Profit and total comprehensive income	22,380
Group's share of total comprehensive income	6,714
Non-current asset	175,273
Current asset	51,509
Non-current liabilities	(3,752)
Current liabilities	(13,359)
Net assets	209,671
Group's interest in net assets of investee at beginning of the year	58,640
Group's share of total comprehensive income	6,714
Exchange difference	(2,453)
Carrying amount of interest in investee at end of the year	62,901
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

On 28 February 2017, the Group performed a purchase price allocation exercise for its acquisition of its associate, Henan Zhongyuan Group. 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

7. Associate (cont'd)

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 in 2017.

Measurement of fair values

The Group has engaged an independent property valuer to assess the fair value of investment properties (including land use rights). In addition, an external expert appraised 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% • Contributory Asset Charges (CACs): 30.2% - 57.0% • Tax amortisation benefits: 10 years

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

7. Associate (cont'd)

Financial guarantees

Prior to acquisition, the associate provided a financial guarantee to its related party amounting to RMB600,000,000 (approximately $119,313,000).

At the reporting date, the associate does not consider it probable that a claim will be made against the associate under the financial guarantees.

There were no other commitments or contingent liabilities provided by the Group on behalf of the associate.

8. Other investments

	Group and Company	
	2018	**2017**
	$'000	**$'000**
Non-current investments		
Equity investments – at FVOCI	19,746	–
Debt investments – at FVOCI	55,689	–
	75,435	–

During the year, the Group and the Company have designated the equity investments as FVOCI because they intend to hold these investments for the long-term for strategic purposes. There were no transfers of any cumulative gain or loss within equity relating to these investments.

Debt investments at FVOCI of the Group and the Company mature in 3 years and are principally protected.

The Group recognised dividend income of $1,172,000 from the other investments in 2018.

The fair value of these investments as at reporting date are as follows:

	Fair value at 31 December 2018 $'000
Equity investments	19,746
Debt investments	55,689
	75,435

Credit and market risks, and fair value measurement

Information about the Group's and the Company's exposures to credit and market risks, and fair value measurement, is included in Note 32.

9. Development properties

Development properties comprise the following:

	Group		
	2018 $'000	2017 $'000	1 Jan 2017 $'000
Development properties for sale			
Properties under development, for which revenue is to be recognised over time			
Land and land related costs	20,312	25,100	373,232
Development costs	26,948	22,814	261,263
	47,260	47,914	634,495
Reclassification to property, plant and equipment	–	–	(21,681)
Properties for development representing mainly land, at cost	243,747	127,793	125,123
Total	291,007	175,707	737,937

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 19.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

10. Contract costs

	Group 2018 $'000	2017 $'000	1 Jan 2017 $'000
Contract costs	40,654	39,022	1,450

(i) Capitalised commission

The amount relates to commission fees paid to property agents and legal fees for securing sale contracts. The Group has therefore capitalised the commission fees and amortised these commission fees when the related revenue is recognised. No impairment was recorded.

	Group 2018 $'000	2017 $'000	1 Jan 2017 $'000
At beginning of the year	11,049	38	(1,316)
Addition	12,372	12,047	1,603
Amortised to profit or loss	(13,763)	(1,036)	(249)
At end of the year	9,658	11,049	38

(ii) Fulfilment cost

Costs that are attributable to the sold units are capitalised as fulfilment cost. These costs are expected to be recoverable and are amortised to profit or loss as cost of sales when the related revenue are recognised. No impairment was recorded.

	Group 2018 $'000	2017 $'000	1 Jan 2017 $'000
At beginning of the year	27,973	1,412	(46,784)
Addition	54,246	32,186	58,825
Amortised to profit or loss	(51,223)	(5,625)	(10,629)
At end of the year	30,996	27,973	1,412

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

11. Contract assets/(liabilities)

	Note	2018 $'000	2017 $'000	1 Jan 2017 $'000
Contract assets	(i)	12,777	14	43,983
Contract liabilities	(ii)			
– Non-current		(975)	(818)	(540)
– Current		(4,881)	(8,491)	(4,210)
		(5,856)	(9,309)	(4,750)
Contract assets/(liabilities)		6,921	(9,295)	39,233

(i) Contract assets

Contract assets relate primarily to the Group's right to consideration for work completed but not billed at the reporting date in respect of its property development business. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

In 2018, the contract assets have increased due to the differences between the agreed payment schedule with the customer and progress of the construction work.

(ii) Contract liabilities

Contract liabilities relate primarily to:

- advance consideration received from customers for the sale of development property;
- progress billings issued in excess of the Group's rights to the consideration; and
- upfront golf membership fees received from customers.

The contract liabilities are recognised as revenue when the Group fulfils its performance obligation under the contract with the customer. The significant changes in the contract liabilities during the year are as follows:

		Group	
	2018 $'000	2017 $'000	1 Jan 2017 $'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	(3,753)	(12)	(6,311)
Increases due to cash received, excluding amounts recognised as at revenue during the year	264	4,290	6,423
Exchange differences	36	281	23
	(3,453)	4,559	135

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

12. Inventories

	Group 2018 $'000	Group 2017 $'000
Food and beverage	432	454
Spare parts and consumables	448	461
Merchandise	66	71
	946	986

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $7,152,000 (2017: $6,633,000). In 2018, the Group has write-back of allowance on inventory amounting to $3,000 (2017: $8,000) which is included in cost of sales.

13. Trade and other receivables

	Group		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Trade receivables	3,216	5,162	17	70
Less: Allowance for doubtful receivables	(86)	(72)	–	–
	3,130	5,090	17	70
Deposits	813	960	10	15
Interest receivables	245	345	5	221
Rebates receivables	–	3,099	–	3,099
Other receivables	2,141	2,737	1,007	1,240
	6,329	12,231	1,039	4,645
Advances to suppliers	454	246	–	13
Advances to a third party	1,981	–	–	–
Prepayments	1,709	1,125	152	55
	10,473	13,602	1,191	4,713
Non-current	1,846	–	–	–
Current	8,627	13,602	1,191	4,713
	10,473	13,602	1,191	4,713

Information about the Group and Company's exposure to credit risks and impairment losses for trade and other receivables are included in note 32.

14. Amounts due from/(to) related parties

Amounts due from related parties

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Non-trade amounts due from:				
– subsidiaries	–	–	430,904	333,049
– non-controlling interests	567	–	–	–
	567	–	430,904	333,049

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

The Group and the Company uses the general approach for assessment of ECL for these receivables. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

Amounts due to related parties

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Non-trade amounts due to:				
– subsidiaries	–	–	14,956	14,447
– non-controlling interests	38,182	301	–	–
	38,182	301	14,956	14,447

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

15. Cash and cash equivalents

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Time deposits				
Bank deposits	8,989	6,465	–	–
Cash and cash equivalents				
Cash at bank and on hand	81,815	100,472	69,438	86,790
Fixed deposits with financial institutions	44,861	129,747	13,700	96,500
Cash and cash equivalents in the statements of financial position	126,676	230,219	83,138	183,290
Deposits pledged	(43,568)	(38,563)	–	–
Cash and cash equivalents in the statement of cash flows	83,108	191,656	83,138	183,290

Interest rates are repriceable as and when notified by the banks. The effective interest rates relating to cash and cash equivalents as at the reporting date for the Group is 0.02% to 4.0% (2017: 0.05% to 4.50%) per annum.

Deposits pledged represent bank balances of the Group and the Company pledged as security to obtain credit facilities (see note 19).

16. Share capital

	2018 Number of shares	2018 $'000	2017 Number of shares	2017 $'000
Group and Company				
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 2018 $'000	Group 2017 $'000
Total loans and borrowings	**453,366**	**348,285**
Attributable to owners of the Company	424,754	308,978
Attributable to non-controlling interests	28,612	39,307
Less: Cash and cash equivalents	**(135,665)**	**(236,684)**
Attributable to owners of the Company	(132,679)	(223,705)
Attributable to non-controlling interests	(2,986)	(12,979)
Net debt	317,701	111,601
Total equity	454,740	478,103
Net debt equity ratio	0.70	0.23
Net debt equity ratio (excluding non-controlling interests)	0.78	0.20

No changes were made to the above objectives, policies and processes during the year ended 31 December 2018 and 2017.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

16. 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	
	2018	**2017**
	$'000	**$'000**
Paid by the Company to owners of the Company		
1.25 cents (2017: 1.00 cents) per qualifying ordinary share	24,487	19,589

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	
	2018	**2017**
	$'000	**$'000**
Nil cents (2017: 1.25 cents) per qualifying ordinary share	–	24,487

17. Reserves

	Group	
	2018	**2017**
	$'000	**$'000**
Asset revaluation reserve	4,132	4,132
Translation reserve	(38,333)	(34,685)
Hedging reserve	(498)	–
Fair value reserve	(4,082)	–
	(38,781)	(30,553)

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

17. Reserves (cont'd)

Translation reserve

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

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non-financial liability.

Fair value reserve

The fair value reserve comprises:

- the cumulative net change in the fair value of equity investments designated at FVOCI; and
- the cumulative net change in fair value of debt investments at FVOCI until the assets are derecognised or reclassified. This amount is reduced by the amount of loss allowance.

18. Trade and other payables

	Group			Company		
	2018 $'000	2017 $'000	1 Jan 2017 $'000	2018 $'000	2017 $'000	1 Jan 2017 $'000
Trade payables	5,278	3,542	8,057	200	–	–
Accrued operating expenses	18,076	23,071	17,811	2,298	10,408	3,121
Rental and other deposits	1,145	383	1,215	–	–	5
Other payables	2,834	5,958	14,346	30	3,367	12,047
Advance payments customers	6,843	3,146	5,117	5	3	–
	34,176	36,100	46,546	2,533	13,778	15,173
Non-current	–	–	2,176	–	–	–
Current	34,176	36,100	44,370	2,533	13,778	15,173
	34,176	36,100	46,546	2,533	13,778	15,173

The Group and the Company's exposures to liquidity risk related to trade and other payables are disclosed in Note 32.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

19. Loans and borrowings

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Non-current liabilities				
Secured bank loans	184,900	196,989	22,530	20,059
Medium term note	119,268	129,260	119,268	129,260
Finance lease liabilities	2,386	653	–	–
Redeemable preference shares	426	426	–	–
	306,980	327,328	141,798	149,319
Current liabilities				
Unsecured bank loan	20,000	–	20,000	–
Secured bank loans	66,126	20,542	47,311	809
Medium term note	59,927	–	59,927	–
Finance lease liabilities	333	415	–	–
	146,386	20,957	127,238	809
Total loans and borrowings	453,366	348,285	269,036	150,128
Maturities of liabilities (excluding finance lease liabilities and redeemable preference shares)				
Within 1 year	146,053	20,542	127,238	809
After 1 year but within 5 years	218,185	226,198	122,184	130,008
After 5 years	85,983	100,051	19,614	19,311
	450,221	346,791	269,036	150,128

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 $50,000,000 (2017: $70,000,000) 3 years unsecured fixed rate notes due in 2021 (2017: due in 2020). These fixed rate notes bear interest at a rate of 5.15% per annum payable semi-annually in arrears and are listed on the SGX-ST.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

19. 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 2018				
Unsecured bank loan	SGD	3.47	2019	20,000
Secured bank loans[1,2]	SGD	1.48 – 3.72	2019 – 2041	123,743
Secured bank loans[1]	MYR	5.81 – 6.06	2019 – 2024	127,283
Medium term note	SGD	5.15	2019 – 2021	179,195
Finance lease liabilities	MYR	2.5 – 5.46	2020 – 2048	2,719
Redeemable preference shares	MYR	NIL	2091	426
Total loans and borrowings				453,366
At 31 December 2017				
Secured bank loans[1,2]	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	2091	426
Total loans and borrowings				348,285
Company				
At 31 December 2018				
Unsecured bank loan	SGD	3.47	2019	20,000
Secured bank loans[2]	SGD	2.35 – 3.47	2019 – 2041	69,841
Medium term note	SGD	5.15	2019 – 2021	179,195
Total loans and borrowings				269,036
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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

19. Loans and borrowings (cont'd)

[1] The loans are secured by:
(a) pledged fixed deposit of $43,568,000 (2017: $38,563,000) by the Group;
(b) a first legal mortgage over certain development properties of the Group's subsidiaries with a carrying amount of $171,940,000 (2017: $83,970,000);
(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 $187,557,000 (2017: $189,822,000);
(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 certain of the Group's 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] First legal mortgage charge over the Company's property, plant and equipment with a carrying amount of $28,796,000 (2017: $29,207,000).

Finance lease liabilities

Finance lease liabilities are repayable as follows:

	Principal $'000	Interest $'000	Payments $'000
Group			
At 31 December 2018			
Within 1 year	333	139	472
After 1 year but within 5 years	545	445	990
After 5 years	1,841	1,528	3,369
	2,719	2,112	4,831
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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

19. Loans and borrowings (cont'd)

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

	Note	Secured and unsecured bank loans $'000	Medium term note $'000	Finance lease liabilities $'000	Interest payable $'000	Total $'000
At 1 January 2017		824,887	59,579	1,136	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	35	(359,691)	–	–	–	(359,691)
The effect of changes in foreign exchange rates		3,139	–	19	–	3,158
Other changes						
Interest expenses	24	–	–	–	19,024	19,024
New finance lease		–	–	299	–	299
Amortisation of transaction costs previously capitalised		640	213	–	–	853
Capitalised borrowing costs		–	–	–	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
At 1 January 2018		217,531	129,260	1,068	1,982	349,841
Changes from financing cash flows						
Interest paid		–	–	–	(20,230)	(20,230)
Payment of finance lease liabilities		–	–	(441)	–	(441)
Repayments of loans and borrowings		(270,330)	–	–	–	(270,330)
Proceeds from loans and borrowings		323,592	49,584	–	–	373,176
Total changes from financing cash flows		53,262	49,584	(441)	(20,230)	82,175
The effect of changes in foreign exchange rates		(210)	–	7	(6)	(209)
Other changes						
Interest expenses	24	–	–	–	19,644	19,644
New finance lease		–	–	2,085	–	2,085
Amortisation of transaction costs previously capitalised		443	351	–	–	794
Capitalised borrowing costs		–	–	–	281	281
Total other changes		443	351	2,085	19,925	22,804
At 31 December 2018		271,026	179,195	2,719	1,671	454,611

20. 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 2017 $'000	Recognised in profit or loss (note 25) $'000	Disposal of a subsidiary (note 35) $'000	Effect of movements in exchange rates $'000	At 31 December 2017 $'000	Recognised in profit or loss (note 25) $'000	Effect of movements in exchange rates $'000	At 31 December 2018 $'000
Group								
Deferred tax assets								
Unutilised tax losses	1,268	(219)	–	20	1,069	(1,085)	16	–
Unutilised deductible temporary differences	3,601	(1,556)	–	(8)	2,037	–	–	2,037
	4,869	(1,775)	–	12	3,106	(1,085)	16	2,037
Deferred tax liabilities								
Property, plant and equipment	(61,413)	944	–	(1,112)	(61,581)	1,026	(129)	(60,684)
Development properties	(6,395)	726	5,669	–	–	–	–	–
	(67,808)	1,670	5,669	(1,112)	(61,581)	1,026	(129)	(60,684)
Deferred tax liabilities (net)	(62,939)	(105)	5,669	(1,100)	(58,475)	(59)	(113)	(58,647)

20. 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	
	2018 $'000	2017 $'000
Deferred tax liabilities	58,647	58,475

Unrecognised deferred tax assets

The Group has certain unutilised tax losses of $19,438,000 (2017: $16,162,000) as at 31 December 2018 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.

21. Derivative financial assets/(liabilities)

	2018		2017	
	Contract/ notional amount $'000	Assets/ (Liabilities) $'000	Contract/ notional amount $'000	Assets/ (Liabilities) $'000
Group				
Non-hedging instruments				
– Forward exchange contracts	107,867	539	123,850	(884)
Hedging instruments				
– Forward exchange contracts	47,027	(498)	–	–
Derivative financial assets/(liabilities)	154,894	41	123,850	(884)
Company				
Non-hedging instruments				
– Forward exchange contracts	83,531	230	123,850	(884)
Hedging instruments				
– Forward exchange contracts	47,027	(498)	–	–
Derivative financial assets/(liabilities)	130,558	(268)	123,850	(884)

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22. 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 28).

	Hospitality		Property		Total	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Primary geographical markets						
Malaysia	78,639	74,729	21,342	18,816	99,981	93,545
Singapore	–	–	–	16,780	–	16,780
	78,639	74,729	21,342	35,596	99,981	110,325
Major products and services lines						
Hotel income	46,148	44,302	–	–	46,148	44,302
Golf club related income	7,598	6,602	–	–	7,598	6,602
Sale of goods	24,605	23,073	–	–	24,605	23,073
Sale of development properties	–	–	21,342	35,352	21,342	35,352
Others	288	752	–	244	288	996
	78,639	74,729	21,342	35,596	99,981	110,325
Timing of revenue recognition						
Products transferred at a point in time	24,605	23,073	–	–	24,605	23,073
Products and services transferred over time	54,034	51,656	21,342	35,596	75,376	87,252
	78,639	74,729	21,342	35,596	99,981	110,325

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 2018 $'000	Group 2017 $'000
Aggregate amount of the transaction price allocated to golf club membership contracts that are partially or fully unsatisfied as at 31 December	a	1,059	1,144
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	160,070	138,118
		161,129	139,262

(a) The Group expects that 2.5% (2017: 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 two years (2017: three years).

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23. Other net income

	Note	Group 2018 $'000	Group 2017 $'000
Rental income		541	1,833
Change in fair value of investment property		(422)	(431)
Recovery of expenses from non-controlling interests		–	143
(Allowance for)/Reversal of allowance for:			
– trade receivables		(14)	(24)
– inventories		3	8
Gain on disposal of a subsidiary	35	–	74,511
Net loss on disposal of property, plant and equipment		(6)	(106)
Others		649	1,531
		751	77,465

24. Net finance costs

	Group 2018 $'000	Group 2017 $'000
Interest income	1,757	3,200
Dividend income:		
– Equity investments – at FVOCI – investment held at the reporting date	1,172	–
Net change in fair value of financial derivatives	1,423	11,452
Finance income	4,352	14,652
Financial liabilities measured at amortised cost – interest expense		
– bank loans	(18,791)	(18,121)
– finance leases	(59)	(50)
Amortisation of transaction costs previously capitalised	(794)	(853)
	(19,644)	(19,024)
Net foreign exchange loss*	(855)	(12,436)
Finance costs	(20,499)	(31,460)
Net finance costs recognised in profit or loss	(16,147)	(16,808)

* Included in net foreign exchange gain (loss) is an unrealised foreign exchange gain (loss) arising from the revaluation of a fixed deposit pledged of $83,000 (2017: $144,000).

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25. Tax expense

	Group 2018 $'000	Group 2017 $'000
Current tax expense		
Current year	5,879	5,408
Adjustment in prior years	(1,056)	138
	4,823	5,546
Deferred tax expense		
Current year	(792)	54
Adjustment in prior years	851	51
	59	105
Tax expense	4,882	5,651

	Group 2018 $'000	Group 2017 $'000
Reconciliation of effective tax rate		
Profit before tax	13,424	96,643
Less: Share of profit of equity-accounted investee (net of tax)	(6,714)	(17,327)
	6,710	79,316
Tax using the Singapore tax rate of 17% (2017: 17%)	1,141	13,484
Effect of tax rates in foreign jurisdictions	1,458	1,188
Non-deductible expenses	2,987	3,990
Income not subjected to tax	(1,291)	(13,488)
Utilisation of deferred tax assets previously not recognised	(18)	(27)
Deferred tax asset not recognised	809	329
Adjustment in prior years:		
– current tax	(1,056)	138
– deferred tax	851	51
Others	1	(14)
	4,882	5,651

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.

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YEAR ENDED 31 DECEMBER 2018

26. Profit for the year

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

	Group 2018 $'000	Group 2017 $'000
Audit fees paid to:		
– auditors of the Company	131	160
– other member firms of KPMG International	190	135
Non-audit fees paid to:		
– other auditors	104	153
Employee benefits expenses (see below)	26,073	29,717
Operating lease expense	627	742
Operating expenses arising from rental of investment properties	47	16
Employee benefits expense		
Staff costs	23,739	27,785
Contribution to defined contribution plans included in staff costs	2,334	1,932
	26,073	29,717

27. Earnings per share

The basic and diluted earnings per share at 31 December 2018 is as follows:

Profit attributable to ordinary shareholders

	Group 2018 $'000	Group 2017 $'000
Earnings per share is based on:		
Profit attributable to ordinary shareholders	5,940	87,536

Weighted-average number of ordinary shares

	Group Number of shares 2018 '000	Group Number of shares 2017 '000
Issued ordinary shares at 1 January	1,977,036	1,977,036
Effect of treasury shares	(18,103)	(18,103)
Weighted-average number of ordinary shares during the year	1,958,933	1,958,933

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.

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28. 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 2018				
Segment revenue	78,639	21,342	4,062	104,043
Elimination of inter-segment revenue	–	–	(4,062)	(4,062)
External revenue	78,639	21,342	–	99,981
Interest income	473	525	759[1]	1,757
Interest expense	(8,076)	(1,746)	(9,822)	(19,644)
Other material non-cash items:				
– Net change in fair value of financial derivatives	–	(309)	(1,114)	(1,423)
– Depreciation	(8,585)	(1,261)	(632)	(10,478)
Reportable segment profit/(loss) before tax	19,213	8,817	(14,606)	13,424
Tax expense	(4,574)	(308)	–	(4,882)
Reportable segment profit/(loss) after tax	14,639	8,509	(14,606)	8,542
Share of profit of equity-accounted investee	–	6,714	–	6,714
Reportable segment assets	402,656	456,837	185,936	1,045,429
Reportable segment liabilities	(200,375)	(118,687)	(271,627)	(590,689)
Capital expenditure	15,598	663	88	16,349

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28. Operating segments (cont'd)

	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

* General corporate activities

1 Included in interest income is the interest earned on fixed deposit of $759,000 (2017: $2,656,000).

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*	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Malaysia	99,981	93,545	383,221	376,071
Central Asia	–	–	4,952	5,260
Singapore	–	16,780	26,790	27,333
China	–	–	62,901	58,640
	99,981	110,325	477,864	467,304

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

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29. 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**	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Not later than one year	694	276	5	5
Between two and five years	177	186	1	6
Later than five years	54	71	–	–
	925	533	6	11

Operating lease commitments – where the Group is lessor

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	
	2018 $'000	**2017 $'000**
Not later than one year	923	191
Between two and five years	2,203	32
	3,126	223

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30. 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 $181,185,000 (2017: $196,664,000). At the reporting date, the Company has not recognised an ECL provision as the ECL amount was lower than that amortised liability for intra-group financial guarantee contracts. The Company does not consider it probable that a claim will be made against the Company under the guarantee. As at 31 December 2017, the carrying amount represented the initial fair value less the cumulative amount of income recognised and the amount that would have been recognised if they had been accounted for as contingent liabilities. The period in which the financial guarantees will expire are as follows:

	Company	
	2018	**2017**
	$'000	**$'000**
Within one year	18,815	19,733
After one year but within five years	96,000	96,190
More than five years	66,370	80,741
	181,185	196,664

31. 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:

In addition to the above, 4 directors (2017: five) and a key management personnel (2017: Nil) subscribed to fixed rate medium term notes issued by the Company during the year amounting to $11,500,000 (2017: $27,500,000). The interest on the notes that was paid to the five directors and a key management personnel amounted to $3,447,000 (2017: $1,725,000).

Key management personnel remuneration

Key management personnel remuneration is as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Short-term employee benefits	2,875	7,710
Post-employment benefits (including Central Provident Fund)	103	105
	2,978	7,815

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32. Financial instruments

Financial risk management

Overview

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 and 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 and 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 and Risk Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and debt investments.

At the reporting date, there is no significant concentration of credit risk for the Group. At the reporting date, the amounts owing by subsidiaries represent a significant portion of the Company's financial assets. Except as disclosed, there is no significant concentration of credit risk for the Company. The carrying amounts of financial assets and contract assets represent the Group and the Company's maximum exposures to credit risk, before taking into account any collateral held.

Impairment losses on trade receivables recognised in profit or loss were as follows:

	2018 $'000	2017 $'000
Impairment loss on trade receivables arising from contracts with customers	14	24

32. Financial instruments (cont'd)

Trade and other receivables and contract assets

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 does not have trade receivables and contract assets for which no allowance is recognised because of collaterals.

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.

Exposure to credit risk

At the reporting date, the maximum exposure to credit risk for trade and other receivables by geographical region was as follows.

	Group	
	2018 $'000	2017 $'000
Malaysia	5,558	7,791
Singapore	730	4,399
Other countries	41	41
	6,329	12,231

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		
	2018 $'000	2017 $'000	1 Jan 2017 $'000	2018 $'000	2017 $'000	1 Jan 2017 $'000
Hotel operations	4,604	5,293	4,190	–	–	–
Property development	938	2,498	1,784	–	–	–
Others	787	4,440	4,207	1,039	4,645	4,413
	6,329	12,231	10,181	1,039	4,645	4,413

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32. Financial instruments (cont'd)

Expected credit loss assessment for trade receivables as at 1 January and 31 December 2018

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are based on actual credit loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The exposure to credit risk and ECL for trade receivables as at 31 December 2018 is insignificant.

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables (excluding advances to suppliers, advances to a third party and prepayments) as at 31 December 2018:

	Group		Company	
	Gross carrying amount $'000	Impairment loss allowance $'000	Gross carrying amount $'000	Impairment loss allowance $'000
Not past due	5,607	(9)	1,039	–
Past due less than 30 days	278	(4)	–	–
Past due 31 to 60 days	38	(5)	–	–
Past due over 60 days	492	(68)	–	–
	6,415	(86)	1,039	–

Comparative information under FRS 39

The ageing of trade and other receivables (excluding advances to suppliers and prepayments) that were past due but not impaired as at 31 December 2017 is as follows:

	2017 $'000
Not past due	9,328
Past due less than 30 days	2,138
Past due 31 to 60 days	616
Past due over 60 days	149
	12,231

32. Financial instruments (cont'd)

Movements in allowance for impairment in respect of trade and other receivables

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	Group Individual impairments $'000
At 1 January 2017 per FRS 39	47
Impairment losses recognised	24
Translation differences	1
At 31 December 2017 per FRS 39	72

	Group Lifetime ECL $'000
At 1 January 2018 per FRS 39	72
Adjustment on initial application of SFRS(I) 9	–
At 1 January 2018 per SFRS(I) 9	72
Impairment loss recognised	14
At 31 December 2018 and SFRS(I) 9	86

Impairment losses recognised/(reversed) were included in "other net income".

Derivatives

Derivatives are entered into with bank and financial institution counterparties, which are regulated.

Debt investments

The Group limits its exposure to credit risk on investments held by investing only in liquid debt securities and only with counterparties that are of acceptable credit quality. The Group considers that its debt investments have low credit risk as the investments are principal protected notes.

Cash and cash equivalents and time deposits

The Group and Company held cash and cash equivalents and time deposits of $126,676,000 and $8,989,000, respectively at 31 December 2018 (2017: cash and cash equivalents amounting to $230,219,000 and time deposits amounting to $6,465,000). The amounts are held with banks, which are regulated.

Impairment on cash and cash equivalents and time deposits have been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents and time deposits have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents and time deposits were negligible.

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32. Financial instruments (cont'd)

Guarantees

The maximum exposure of the Company in respect of the intra-group financial guarantee at the end of the reporting period is $181,185,000 (2017: $196,664,000).

At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the financial guarantees.

Non-trade amounts due from related parties

The Group and Company held non-trade receivables from related parties of $567,000 (2017: Nil) and $430,904 (2017: $333,049) respectively. The Group and Company uses a similar approach for assessment of ECLs for these receivables to those used for debt investments. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to external ratings, audited financial statements and management accounts, if available, and applying experienced credit judgement), these exposures are considered to have low credit risk. Therefore, impairment on these balances has been measured on the 12 month expected credit loss basis and the amount of the allowance is insignificant.

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 2018					
Non-derivative financial liabilities					
Trade and other payables*	27,333	(27,333)	(27,333)	–	–
Amounts due to related parties	38,182	(38,182)	(38,182)	–	–
Unsecured bank loan	20,000	(20,681)	(20,681)	–	–
Secured bank loans	251,026	(300,179)	(74,996)	(72,925)	(152,258)
Medium term note	179,195	(193,767)	(67,509)	(126,258)	–
Finance lease liabilities	2,719	(4,831)	(472)	(990)	(3,369)
Redeemable preference shares	426	(426)	–	–	(426)
	518,881	(585,399)	(229,173)	(200,173)	(156,053)

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32. Financial instruments (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows: Within 1 year $'000	Cash flows: After 1 year but within 5 years $'000	Cash flows: After 5 years $'000
Group					
At 31 December 2017					
Non-derivative financial liabilities					
Trade and other payables*	32,954	(32,954)	(32,954)	–	–
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)
	381,540	(456,774)	(71,474)	(211,639)	(173,661)
Derivative financial instruments					
Forward exchange contracts (net-settled)	884	(884)	(884)	–	–
	884	(884)	(884)	–	–
	382,424	(457,658)	(72,358)	(211,639)	(173,661)
Company					
At 31 December 2018					
Non-derivative financial liabilities					
Trade and other payables*	2,528	(2,528)	(2,528)	–	–
Amounts due to related parties	14,956	(14,956)	(14,956)	–	–
Unsecured bank loan	20,000	(20,681)	(20,681)	–	–
Secured bank loans	69,841	(76,508)	(47,890)	(6,070)	(22,548)
Medium term note	179,195	(193,767)	(67,509)	(126,258)	–
Recognised financial liabilities	286,520	(308,440)	(153,564)	(132,328)	(22,548)
Intra-group financial guarantees	–	(181,185)	(18,815)	(96,000)	(66,370)
	286,520	(489,625)	(172,379)	(228,328)	(88,918)
Derivative financial instruments					
Forward exchange contracts used for hedging (net-settled)	498	(498)	(498)	–	–
	498	(498)	(498)	–	–
	287,018	(490,123)	(172,877)	(228,328)	(88,918)

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32. Financial instruments (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows: Within 1 year $'000	Cash flows: After 1 year but within 5 years $'000	Cash flows: After 5 years $'000
Company					
At 31 December 2017					
Non-derivative financial liabilities					
Trade and other payables*	13,775	(13,775)	(13,775)	–	–
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	178,350	(199,728)	(36,216)	(143,049)	(20,463)
Intra-group financial guarantees	–	(196,664)	(19,733)	(96,190)	(80,741)
	178,350	(396,392)	(55,949)	(239,239)	(101,204)
Derivative financial instruments					
Forward exchange contracts (net-settled)	884	(884)	(884)	–	–
	884	(884)	(884)	–	–
	179,234	(397,276)	(56,833)	(239,239)	(101,204)

* Excludes advance payments from customers

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.

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.

32. Financial instruments (cont'd)

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

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Fixed rate instruments				
Finance lease liabilities	2,719	1,068	–	–
Medium term note	179,195	129,260	179,195	129,260
Amounts due from related parties	–	–	30,000	30,000
	181,914	130,328	209,195	159,260
Variable rate instruments				
Unsecured bank loan	20,000	–	20,000	–
Secured bank loans	251,026	217,531	69,841	20,868
	271,026	217,531	89,841	20,868

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 50 bp in interest rates at the reporting dates would have increased/(decreased) profit before tax by the amounts shown below. There is no effect to the equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2017.

	Profit before tax	
	50 bp Increase	**50 bp Decrease**
	$'000	**$'000**
Group		
2018		
Variable rate instruments	(1,355)	1,355
2017		
Variable rate instruments	(1,088)	1,088
Company		
2018		
Variable rate instruments	(449)	449
2017		
Variable rate instruments	(104)	104

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.

32. Financial instruments (cont'd)

Foreign currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings, including intercompany sales, purchases and intercompany balances 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"), Euro ("EUR"), United States Dollars ("USD") and United Arab Emirates Dirham ("AED").

The Group's risk management policy is to hedge all of its foreign currency exposure in respect of debt investments over the following 12 months. The Group uses forward exchange contracts to hedge its currency risk, with a maturity of less than one year from the reporting date. Such contracts generally are designated as cash flow hedges.

The Group designates the spot element of forward foreign exchange contracts to hedge its currency risk and applies a hedge ratio of 1:1. Most of these contracts have a maturity of less than one year from the reporting date. The forward elements of forward exchange contracts are excluded from designation as the hedging instrument and are separately accounted for as a cost of hedging, which is recognised in equity in a cost of hedging reserve. The Group's policy is for the critical terms of the forward exchange contracts to align with the hedged item.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assess whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- changes in the timing of the hedged transactions.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by entering into certain financial derivative instruments including forward exchange contracts.

32. Financial instruments (cont'd)

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

	MYR $'000	EUR $'000	USD $'000	AED $'000
Group				
As at 31 December 2018				
Debt investments – at FVOCI	–	–	44,321	–
Cash and cash equivalents	–	67,185	261	26
Forward exchange contracts	(40,854)	(67,013)	(47,027)	–
Net exposure	(40,854)	172	(2,445)	26
As at 31 December 2017				
Cash and cash equivalents	–	83,893	989	2
Forward exchange contracts	(40,499)	(83,351)	–	–
Net exposure	(40,499)	542	989	2

	MYR $'000	EUR $'000	USD $'000
Company			
As at 31 December 2018			
Debt investments – at FVOCI	–	–	44,321
Cash and cash equivalents	–	67,185	235
Forward exchange contracts	(16,518)	(67,013)	(47,027)
Net exposure	(16,518)	172	(2,471)
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

32. Financial instruments (cont'd)

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) equity and profit 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.

	Group Profit or loss $'000	Company Profit or loss $'000
31 December 2018		
MYR	(2,043)	(826)
EUR	9	9
USD	(122)	(124)
AED	1	–
	(2,155)	(941)
31 December 2017		
MYR	(2,025)	(2,025)
EUR	27	27
USD	49	48
	(1,949)	(1,950)

Investment price risk

The Group and the Company have investments classified as FVOCI which are exposed to the volatility in returns and investment performance risk. An increase/(decrease) in the underlying net asset value of the investments at the reporting date by 5% for the Group and the Company, would increase/(decrease) equity by $3,772,000. This analysis assumes that all other variables remain constant.

Hedge accounting

Cash flow hedges

At 31 December 2018, the Group and the Company held the following instruments to hedge exposures to changes in foreign currency.

	Maturity One year
Foreign currency risk	
Forward exchange contracts	
Net exposure (in thousands of SGD)	(498)
Average SGD:USD forward contract rate	1.3063

No ineffectiveness was recognised from the cash flow hedges.

32. Financial instruments (cont'd)

The amounts relating to items designated as hedging instrument were as follows:

	2018			During the period – 2018
	Nominal amount $'000	Liabilities $'000	Line item in the statement of financial position where the hedging instrument is included $'000	Changes in the value of hedging instrument recognised in OCI $'000
Foreign currency risk				
Foreign currency risk – debt investment at FVOCI	47,027	(498)	Derivatives financial liabilities	(498)

The following table provides a reconciliation of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

	Hedging reserve $'000
Balance at 1 January 2018	–
Cash flow hedges	
Change in fair value:	
Foreign currency risk – debt investment at FVOCI	(498)
Balance at 31 December 2018	(498)

32. 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	Fair value – hedging instruments $'000	FVTPL $'000	Amortised cost $'000	FVOCI $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group											
31 December 2018											
Financial instruments measured at fair value											
Debt investments – at FVOCI	8	–	–	–	55,689	–	55,689	55,689	–	–	55,689
Equity investments – at FVOCI	8	–	–	–	19,746	–	19,746	19,746	–	–	19,746
Derivative financial instruments	21	(498)	539	–	–	–	41	–	41	–	41
		(498)	539	–	75,435	–	75,476				
Financial assets not measured at fair value											
Trade and other receivables*	13	–	–	6,329	–	–	6,329				
Amount due from related parties	14	–	–	567	–	–	567				
Time deposits	15	–	–	8,989	–	–	8,989				
Cash and cash equivalents	15	–	–	126,676	–	–	126,676				
		–	–	142,561	–	–	142,561				
Financial liabilities not measured at fair value											
Trade and other payables**	18	–	–	–	–	(27,333)	(27,333)				
Loans and borrowings	19	–	–	–	–	(453,366)	(453,366)	–	(322,243)	–	(322,243)
Amounts due to related parties	14	–	–	–	–	(38,182)	(38,182)				
		–	–	–	–	(518,881)	(518,881)				

32. 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
Group									
31 December 2017									
Financial assets not measured at fair value									
Trade and other receivables*	13	12,231	–	–	12,231				
Time deposits	15	6,465	–	–	6,465				
Cash and cash equivalents	15	230,219	–	–	230,219				
		248,915	–	–	248,915				
Financial liabilities measured at fair value									
Derivative financial liabilities	21	–	(884)	–	(884)	–	(884)	–	(884)
Financial liabilities not measured at fair value									
Trade and other payables**	18	–	–	(32,954)	(32,954)				
Loans and borrowings	19	–	–	(348,285)	(348,285)	–	(338,215)	–	(338,215)
Amounts due to related parties	14	–	–	(301)	(301)				
		–	–	(381,540)	(381,540)				

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32. Financial instruments (cont'd)

		Carrying amounts					Fair value			
	Note	Fair value – hedging instruments $'000	Amortised cost $'000	FVOCI $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company										
31 December 2018										
Financial assets measured at fair value										
Debt investments – at FVOCI	8	–	–	55,689	–	55,689	55,689	–	–	55,689
Equity investments – at FVOCI	8	–	–	19,746	–	19,746	19,746	–	–	19,746
		–	–	75,435	–	75,435				
Financial assets not measured at fair value										
Trade and other receivables*	13	–	1,039	–	–	1,039				
Amounts due from related parties	14	–	430,904	–	–	430,904				
Cash and cash equivalents	15	–	83,138	–	–	83,138				
		–	515,081	–	–	515,081				
Financial liabilities measured at fair value										
Derivative financial liabilities	21	(498)	230	–	–	(268)	–	(268)	–	(268)
Financial liabilities not measured at fair value										
Trade and other payables**	18	–	–	–	(2,528)	(2,528)				
Loans and borrowings	19	–	–	–	(269,036)	(269,036)	–	(144,800)	–	(144,800)
Amounts due to related parties	14	–	–	–	(14,956)	(14,956)				
		–	–	–	(286,520)	(286,520)				

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32. 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*	13	4,645	–	–	4,645				
Amounts due from related parties	14	333,049	–	–	333,049				
Cash and cash equivalents	15	183,290	–	–	183,290				
		520,984	–	–	520,984				
Financial liabilities measured at fair value									
Derivative financial liabilities	21	–	(884)	–	(884)	–	(884)	–	(884)
Financial liabilities not measured at fair value									
Trade and other payables**	18	–	–	(13,775)	(13,775)				
Loans and borrowings	19	–	–	(150,128)	(150,128)	–	(143,140)	–	(143,140)
Amounts due to related parties	14	–	–	(14,447)	(14,447)				
		–	–	(178,350)	(178,350)				

* Excludes advances to suppliers, advances to a third party, and prepayments
** Excludes advance payments from customers

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32. 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 2018 and 2017.

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33. 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 2018 %	2017 %
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
Linyi Properties Sdn Bhd ('Linyi Properties")	Malaysia	Property development	25.0	25.0
Aspirasi Kukuh Sdn Bhd ("Aspirasi Kukuh")	Malaysia	Property development	50.0	–

33. 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 SFRS(I).

	Eastworth Source $'000	Sutera Harbour Golf and Country Club $'000	Advanced Prestige $'000	Linyi Properties $'000	Aspirasi Kukuh $'000
31 December 2018					
Revenue	32,230	9,907	35,520	–	–
Profit/(Loss)	8,421	(579)	8,506	(8)	(492)
Total comprehensive income	8,421	(579)	8,506	(8)	(492)
Attributable to NCI:					
– Profit/(Loss)	1,895	(130)	1,914	(2)	(246)
– Total comprehensive income	1,895	(130)	1,914	(2)	(246)
Non-current assets	152,288	101,029	164,548	–	122
Current assets	27,017	3,948	22,350	21,480	90,315
Non-current liabilities	(26,570)	(15,475)	(30,661)	–	–
Current liabilities	(34,187)	(8,380)	(61,343)	(885)	(79,783)
Net assets	118,548	81,122	94,894	20,595	10,654
Net assets attributable to NCI	26,673	18,252	21,351	4,634	5,327
Cash flows from operating activities	6,392	380	13,477	(2)	(16,207)
Cash flows used in investing activities	(1,563)	(295)	(4,135)	–	(122)
Cash flows used in financing activities (dividends to NCI: nil)	(4,486)	(134)	(9,178)	–	16,526
Net increase in cash and cash equivalents	343	(49)	164	(2)	197

33. Non-controlling interest (cont'd)

	Eastworth Source $'000	Sutera Harbour Golf and Country Club $'000	Advanced Prestige $'000	Investasia $'000	Linyi Properties $'000
31 December 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

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34. Acquisitions of a subsidiary

On 12 February 2018, the Group entered into a conditional subscription and shareholders' agreement with Tradewinds Corporation Berhad and Aspirasi Kukuh Sdn Bhd ("Aspirasi Kukuh"), to acquire 50% of the issued and paid-up share capital of Aspirasi Kukuh, for a consideration of RM164,500,000 (approximately $55,631,000).

Effect of acquisition

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

	Group 2018 $'000
Development property	111,244
Other receivables	16
Cash and cash equivalents	110
Trade and other payables (including amount due to the Group)	(77,513)
Net identified assets acquired	33,857
Less: Non-controlling interest	(16,929)
Advances from shareholders	38,703
Total consideration	55,631
Less: Cash and cash equivalents acquired	(110)
Net cash outflow	55,521

35. 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	20	(5,669)
Net identified assets		79,163
Less: Non-controlling interest		(38,790)
Realisation of foreign currency translation reserve		930
Gain on disposal	23	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.

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36. Acquisition of non-controlling interest

On 5 October 2018, the Group acquired additional equity interest of 20.6% in MXIM Holdings Pte Ltd ("MXIM") and equity interest of 15% in Mainfield Holdings Limited ("Mainfield") for a consideration of RM25,846,000 (approximately $8,616,000) and RM22,154,000 (approximately $7,385,000), respectively, increasing its ownership from 79.4% and 85% to 100%.

The carrying amount of MXIM and Mainfield's net assets in the Group's consolidated financial statements on the date of acquisition was $975,000 and $1,107,000 respectively.

	$'000
MXIM Holdings Pte Ltd	
Carrying amount of NCI acquired ($975,000 x 20.6%)	(201)
Consideration paid to NCI	(8,616)
Decrease in accumulated profits of the Group	(8,817)
Mainfield Holdings Limited	
Carrying amount of NCI acquired ($1,107,000 x 15%)	(166)
Consideration paid to NCI	(7,385)
Decrease in accumulated profits of the Group	(7,551)

37. Comparative information

The Group reclassified contract assets and contract liabilities from development properties and trade and other payables to better reflect the nature of these amounts in 2018. As a result, the following reclassifications were made to the statement of financial position as at 31 December 2017 and 1 January 2017:

	As previously reported $'000	Reclassification $'000	As reclassified $'000
As at 1 January 2017			
Statement of financial position			
Development properties	783,370	(45,433)	737,937
Trade and other payables	(51,296)	4,750	(46,546)
Contract costs	–	1,450	1,450
Contract assets	–	43,983	43,983
Contract liabilities	–	(4,750)	(4,750)
As at 31 December 2017			
Statement of financial position			
Development properties	211,762	(36,055)	175,707
Trade and other payables	(42,428)	6,328	(36,100)
Contract costs	–	39,022	39,022
Contract assets	–	14	14
Contract liabilities	–	(9,309)	(9,309)

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38. New standards and interpretations not yet adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

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

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)
- Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)

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 has assessed the estimated impact that initial application of SFRS(I) 16 will have on the financial statements. The Group's 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 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group and the Company plan to apply SFRS(I) 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group and the Company plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply SFRS(I) 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

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38. New standards and interpretations not yet adopted (cont'd)

The Group and the Company as lessee

The Group expects to measure lease liabilities by applying a single discount rate to their portfolio of leases. Furthermore, the Group is likely to apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 January 2019. For lease contracts that contain the option to renew, the Group and the Company are expected to use hindsight in determining the lease term.

The Group and the Company expect their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16.

The Group and the Company's operating lease commitments amounted to approximately $925,000 and $6,000 respectively as at 31 December 2018. Under SFRS(I) 16, remaining lease payments under the operating leases will be recognised at their present value discounted using appropriate discount rates. In addition, the nature of expenses 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 is in the process of quantifying the adjustments required in the adoption of the standard.

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. The Group will reassess the classification of sub-leases in which the Group is a lessor.

No significant impact is expected for other leases in which the Group is a lessor.

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2019

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	Shareholders	%	No. of Shares	%
1 – 99	99	3.60	4,241	0.00
100 – 1,000	319	11.61	120,750	0.01
1,001 – 10,000	1,019	37.07	5,610,543	0.29
10,001 – 1,000,000	1,277	46.45	93,528,583	4.77
1,000,001 and above	35	1.27	1,859,669,233	94.93
Total	**2,749**	**100.00**	**1,958,933,350**	**100.00**

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	GOI SENG HUI	1,106,204,475	56.47
2	CITIBANK NOMINEES SINGAPORE PTE LTD	132,704,417	6.77
3	RAFFLES NOMINEES (PTE.) LIMITED	116,390,320	5.94
4	OCBC SECURITIES PRIVATE LIMITED	104,072,150	5.31
5	GOODVIEW PROPERTIES PTE LTD	98,705,000	5.04
6	SKYVEN GROWTH OPPORTUNITIES FUND PTE LTD	85,878,733	4.38
7	DB NOMINEES (SINGAPORE) PTE LTD	54,049,580	2.76
8	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	31,980,458	1.63
9	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	30,000,000	1.53
10	FLORENCE TAN GEK NOI MRS FLORENCE EE GEK NOI	15,000,000	0.77
11	UOB KAY HIAN PRIVATE LIMITED	14,629,200	0.75
12	DBS NOMINEES (PRIVATE) LIMITED	9,942,822	0.51
13	DBSN SERVICES PTE. LTD.	7,276,900	0.37
14	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	4,837,900	0.25
15	NS TRADING PTE LTD	4,231,100	0.22
16	TEO KEK TJOK @TEO KEK YENG	3,869,900	0.20
17	SINGAPORE NOMINEES PRIVATE LIMITED	3,800,000	0.19
18	HONG LEONG FINANCE NOMINEES PTE LTD	3,785,200	0.19
19	LEE CHENG HOA	3,312,500	0.17
20	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,731,986	0.14
	Total	**1,833,402,641**	**93.59**

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2019

Substantial Shareholders
List of Sustantial Shareholders
(As per the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Goi Seng Hui	1,106,204,475	56.47	–	–
Gilbert Ee Guan Hui[1]	629,478	0.03	157,913,600	8.06
Goodview Properties Pte Ltd[2]	100,000,000	5.10	–	–
Far East Organization Centre Pte Ltd	–	–	100,000,000[a]	5.10
Lippo Capital Limited[3]	–	–	99,021,467[b]	5.05
Lanius Limited[4]	–	–	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) Gilbert Ee Guan Hui is treated as having an interest in 90,913,600 shares held through OCBC Securities Private Ltd, 52,000,000 shares held through Raffles Nominees Pte Ltd and 15,000,000 shares held through Florence Ee Gek Noi (his spouse).

(2) 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.

(3) The percentage shown, to the nearest 2 decimal places, was based on form 3 received from Lippo Capital Limited as at 21 January 2015.

(4) 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 99,021,467 shares.

(d) Based on form 3 received on 1 June 2017, vesting of the assets of the Estate of 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 on form 3 received on 1 June 2017, vesting of the assets of the Estate of Ng Teng Fong (the "Estate") in Ng Chee Tat Philip ("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 18 March 2019, approximately 25.23% 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 the shareholders of GSH Corporation Limited ("the Company") will be held at 20 Cecil Street, #28-01 PLUS, Singapore 049705 on 29 April 2019 at 10.00 a.m. for the following purposes:

As Ordinary Business

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2018 together with the Auditors' Report thereon. **(Resolution 1)**

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

   Mr Gilbert Ee Guan Hui **(Resolution 2)**
   Mr Michael Grenville Gray [See Explanatory Note (i)] **(Resolution 3)**
   Ms Huang Lui [See Explanatory Note (ii)] **(Resolution 4)**

3. To approve the payment of Directors' fees amounting to S$353,000 for the financial year ending 31 December 2019, to be paid quarterly in arrears. (2018: S$353,000) **(Resolution 5)**

4. To re-appoint KPMG LLP as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

5. 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:

6. **Authority to issue shares**

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

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (**excluding treasury shares 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 (iii)] **(Resolution 7)**

By Order of the Board

Lee Tiong Hock
Company Secretary
12 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr Michael Grenville Gray will, upon re-election as a Director of the Company, remain as Chairman of the Audit and Risk Committee and as a member of the Remuneration Committee and will be considered independent. There are no material relationships (including immediate family relationships) between Mr Michael Grenville Gray and the other directors or the Company.

(ii) Ms Huang Lui will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and as a member of the Audit and Risk Committee and Remuneration Committee, and will be considered independent. There are no material relationships (including immediate family relationships) between Ms Huang Lui and the other directors or the Company.

(iii) The Ordinary Resolution 7 in item 6 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 PLUS, Singapore 049705 not less than seventy-two (72) hours appointed for holding the Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Personal data privacy:

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

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

PROXY FORM

(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 PLUS, Singapore 049705 on 29 April 2019 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

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 2018		
2	Re-election of Mr Gilbert Ee Guan Hui as a Director		
3	Re-election of Mr Michael Grenville Gray as a Director		
4	Re-election of Ms Huang Lui as a Director		
5	Approval of Directors' fees amounting to S$353,000 for the financial year ending 31 December 2019, to be paid quarterly in arrears		
6	Re-appointment of KPMG LLP as Auditor		
7	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 ____________ 2019

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 PLUS, 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 12 April 2019.

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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Fax: (65) 6881 1000

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