



GS HOLDINGS LIMITED

POISED FOR LONG TERM
GROWTH

ANNUAL REPORT 2016



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	PROXY FORM

This annual report has been prepared by GS Holdings Limited (the "Company") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the content of this annual report.

The annual report has not been examined or approved by the SGX-ST. The Sponsor and SGX-ST assume no responsibility for the contents of this annual report including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this annual report.

The contact persons for the Sponsor are Mr Alvin Soh, Head of Catalyst Operations, Senior Vice President, and Mr Lan Kang Ming, Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.





CORPORATE PROFILE

GS Holdings Limited is Singapore's leading centralised commercial dishware washing company that specialises in providing end-to-end cleaning services for Singapore's food and beverage ("F&B") industry.

We provide comprehensive and environmentally-friendly cleaning solutions that meet the manpower and cleaning needs of our customers. We are dishware washing specialist in Singapore with the ISO 22000: 2005 certification and Halal certifications, and our management team is backed by over 20 years of experience in the food and cleaning industries.

Supported by three strategically-located centralised dishware washing facilities, we serve a diversified range of customers ranging from F&B tenants located in shopping malls, food courts, coffee shops, restaurants, hawker centres, as well as a public tertiary hospital.

In the course of 2016, we extended our centralised dishwashing services into the hospitality industry, including hotels, convention centres and clubs. We have also signed a lease agreement with the Changi Airport Group that presents an opportunity for us to provide centralised dishwashing services to the F&B outlets at all airport terminals and the upcoming Jewel Changi Airport ("Jewel").

We are one of three service provider appointed by SPRING Singapore for the centralising or outsourcing of dishwashing facilities to F&B enterprises.

OUR BUSINESS

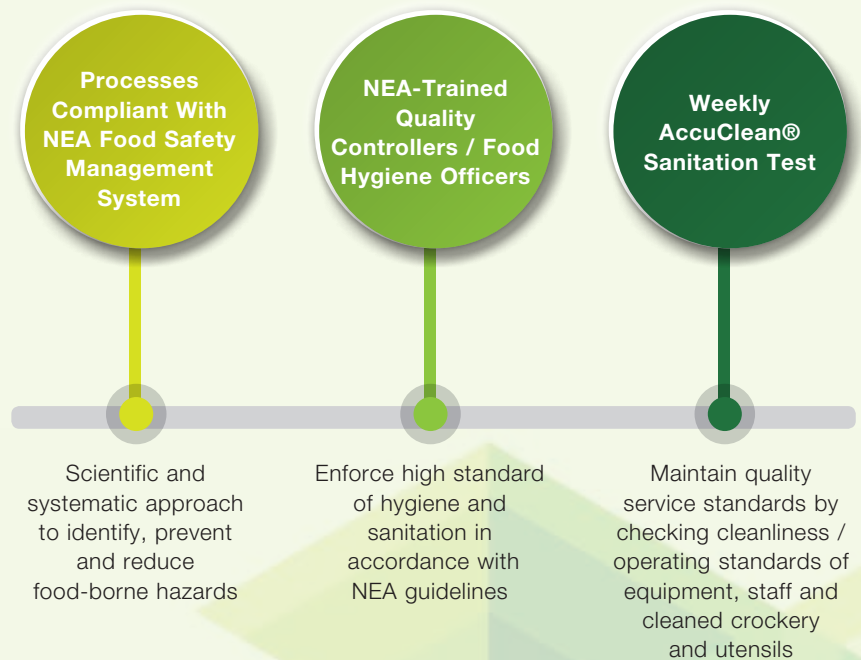
OUR VALUE PROPOSITION

A. END-TO-END CLEANING SOLUTIONS

GS Holdings provides turnkey centralised dishwashing and cleaning solutions. This encourages customers to outsource their cleaning needs entirely, allowing them to reduce reliance on manpower and focus on their core business goals while increasing quality control for the cleanliness of crockery and utensils. Through our services, customers also benefit from cost savings on utility bills, detergent and machines.

B. QUALITY-ASSURANCE

The Group is thoroughly committed to ensuring that our cleaning services comply with the highest quality standards. In line with this commitment, we have incorporated a scientific and systematic approach to ensure quality control of the highest level across all business processes.



C. ISLAND-WIDE COVERAGE AND STRONG BUSINESS NETWORK

As at 31 December 2016, the Group had four centralised dishware washing facilities – 8 Loyang Way 4, IMM, Big Box and Suntec City. The Group took over operations of the Suntec City

facility from June 2016. These facilities are strategically-located to effectively cover the geographical expanse of our customers’ locations.

The Loyang facility commenced operations in March 2016 and is the

Group’s largest facility, spanning an area of 4,500 sqm and equipped with production lines with improved automation for large-scale dishware washing. The Group’s corporate offices are also located at this facility.



CHAIRMAN'S MESSAGE

The successful completion of the IPO marks the beginning of our new growth chapter.

DEAR SHAREHOLDERS,

2016 was a year where GS Holdings Limited continued to invest in its future. We laid a bedrock foundation to ensure that our business is primed for scalability and growth.

We increased the number of general workers in anticipation of new business growth, and also enlarged our headcount in the Group's administrative, human resources and finance functions. New machinery were also purchased as we augmented our dishware washing operations at our new facility at 8 Loyang Way 4. The 4,500 sqm Loyang facility is the Group's largest facility which began operations in March 2016, and has 12 fully operational production lines, including one highly automated lines and another which is Halal-certified.

With the above developments in place, GS Holdings not only buttressed its leadership position in the industry, but more importantly, now possesses the

prerequisite hardware and "peopleware" in place for business expansion. Any further increase in business volume will invariably enable the Group to additionally reap economies of scale.

Furthermore, the anticipated tightness in the labour market for dishwashing staff and the Singapore Government's continued efforts in reducing local companies' reliance on foreign workers portend well for the Group, as we anticipate a favourable shift in demand for our services.

MAKING INROADS INTO MICE AND HOSPITALITY INDUSTRIES

The Group also recorded several highlights in the course of 2016. In February 2016, a new subsidiary, GS Hospitality Services Pte Ltd, was formed. This unit was principally engaged in marketing centralised dishware washing services to the hospitality industry – these include hotels, convention centres and clubs.

Shortly later, in May 2016, the Group was awarded a contract from Suntec Singapore Convention & Exhibition Centre. This was a landmark contract as it signified GS Holdings' entry into Singapore's thriving Meetings, Incentive Travel, Conventions & Exhibitions (MICE) industry. This was a two-year contract which commenced in June 2016. The contract also carried an additional one-year option. The main terms of the contract required GS Holdings to provide Suntec Singapore with on-site dishwashing services, together with night kitchen cleaning and wet waste management services.

We envisage that demand for onsite centralised dishwashing services in retail malls and the MICE sector will continue to grow, driven by government agencies' calls to increase productivity within the F&B industry.

In mid-December 2016, the Group signed a lease agreement with Changi Airport Group that will allow GS Holdings to provide centralised dishwashing services to the F&B outlets at the airport and Jewel Changi Airport ("Jewel"). With this agreement, the Group will be able to provide F&B tenants and businesses located at Changi Airport Terminals 1, 2, 3 and the upcoming Terminal 4 and Jewel with on-site dishwashing services. The lease of the premise is on a five-year tenure, with an option for an additional five years. Naturally, we are truly heartened with this corporate development and we intend to proactively pursue more of such business opportunities as we remain steadfast in driving quality growth for the Group.

FINANCIAL SNAPSHOT

Our Group's revenue grew by approximately S\$2.9 million or 47%, from S\$6.3 million in FY2015 to S\$9.2 million in FY2016. This was mainly due to additional contracts secured from new customers such as Suntec Singapore, various coffee shops and from the revenue from the sale of crockeries to new customers.

Our cost of sales increased by about S\$3.2 million, or 51%, from S\$6.1 million in FY2015 to S\$9.3 million in FY2016, driven mainly by:

- an increase in labour costs with an overall increase in headcount and remuneration;
- an increase in subcontractor expenses;
- an increase in overhead costs with the accompanying increase in business volume;
- an increase in depreciation expenses arising from the set-up of the new Loyang facility; and
- an increase in the cost of expendable crockeries.

Further, the Group experienced delay in the commencement of certain coffee shop's contracts, resulting in a net loss of approximately S\$2.0 million for FY2016.

Importantly, the Group has taken concerted measures and initiatives in FY2016 to position itself for growth in the long term. In the course of FY2016, GS Holdings has emerged stronger, equipped with a robust business model which is highly scalable.

As at 31 December 2016, the Group's order book based on secured contracts stood at approximately S\$16.4 million. The breakdown of the value of the order book, which will be delivered within one year and after one year are reflected below:

Within one year – S\$9.4 million (57%)
After one year – S\$7.0 million (43%)

LOOKING AHEAD

I wish to take this opportunity to express my gratitude to the directors, the executive team and all employees of GS Holdings for your commitment and dedication in driving the business. I am truly enthusiastic about the future of the Group, and the opportunities that await us.

It is evident that the demand dynamics of centralised dishwashing services are swinging to our favour. Together, we will continue to be the game-changer in the industry, always staying ahead of the curve, so that we can further cement our leadership position. I certainly look forward to embarking on this exciting journey with you.

To our shareholders, thank you for your vote of confidence. It is with your support and loyalty that we are motivated to strive, and to build sustainable growth for GS Holdings in the years ahead.

PANG POK

Executive Chairman and Chief Executive Officer

31 March 2017

OPERATIONS & FINANCIAL REVIEW



The financial year ended 31 December 2016 (“FY2016”) marks our first set of full year financial results following our listing in January 2016. In line with our strategy to lay solid foundations for sustainable long-term growth, we have invested in our operations to ensure that we have the necessary capacity to take on an expected increase in business demand.

Clear Growth Visibility

During the year, our revenue grew 47% to S\$9.2 million from S\$6.3 million in the preceding financial year (“FY2015”). Our topline growth was lifted by new customers secured in 2016, including a six-month contribution from Suntec Singapore Convention & Exhibition Centre (“Suntec Singapore”), as well as a new income stream from the sale of crockeries to new customers.

The growth in our revenue is a testament of the differentiated value we bring to our clients, being an established centralised commercial dishware washing company with vertically-integrated services and a clear market leader in our field.

The two-year contract with Suntec Singapore (“Suntec”) that commenced in June 2016 – which carries an additional one-year option – marks our maiden foray into the MICE industry.

To fund the expansion of our dishware washing operations in the hospitality industry following the contract secured from Suntec, and for general working capital, we had on 30 June 2016 issued 8 million new ordinary shares at a placement price of S\$0.285 each. The net proceeds of S\$2.25 million raised have been fully utilised in accordance to the intended use, and our issued share capital has increased from 124 million shares to 132 million shares following the completion of the placement.

Leveraging on our experience accumulated so far with Suntec, we will actively pursue opportunities to clinch more contracts in the growing MICE space. In the meantime, our other anchor customers in BIG BOX and IMM continue to contribute positively to our topline growth.

At the tail-end of FY2016, we have also leased an on-site centralised

dishwashing facility (“CDF”) from Changi Airport Group (“CAG”). This presents an opportunity for us to provide centralised dishwashing services to its F&B outlets at all airport terminals and the upcoming Jewel Changi Airport (“Jewel”).

Following the completion of the outfitting of the CDF, we seek to aggressively pursue new customers in the vicinity and look forward to serve the soon-to-be completed Terminal 4 and Jewel in the near future.

Investing In Our Future

Our business expansion in FY2016 has led to a 51% increase in cost of sales to S\$9.3 million from S\$6.1 million in FY2015, mainly due to higher labour costs, subcontractor fees, overhead costs in line with a growth in business volume, and expendable crockeries cost.

Additionally, we recorded higher depreciation due to the relocation of our operations to the larger 8 Loyang Way 4 facility that commenced operations in March 2016. Being our largest facility, we are able to house various business



functions under one roof, allowing us to reap operational efficiencies, synergies and economies of scale. With the larger space, we can also implement automation initiatives to drive greater productivity which will optimise margin efficiency in the long run.

As a result of the higher cost of sales, we recorded a gross loss of S\$78,000 in FY2016 compared to a gross profit of S\$125,000 a year ago. We expect our gross margin to improve as business volume increases for economies of scale to set in.

Other income rose 79% to S\$2.1 million compared to S\$1.2 million mainly due to the S\$1.0 million that was forgiven by our Executive Chairman and CEO, Mr Pang Pok, as well as rental income and government grants, offset by a decrease in fair value gain on investment properties.

Coupled with a 10% growth in administrative expenses mainly due to increased headcount in line with higher business activities, loss attributable to

equity holders narrowed to S\$2.0 million compared to S\$2.2 million in FY2015, in the absence of S\$1.3 million worth of IPO expenses incurred in FY2015.

Accordingly, loss per share in FY2016 narrowed to 1.51 Singapore cents compared to a loss of 2.16 Singapore cents in FY2015. Net asset value per share rose to 5.3 Singapore cents as at 31 December 2016 compared to 0.8 Singapore cents a year ago. Cash and bank balances stood at S\$1.1 million as at 31 December 2016.

Poised For Greater Market Penetration

The notable profiles of our new customer wins demonstrates our edge and market leadership in the centralised dishwashing service market. Although our bottomline may be impacted by necessary capital expenditure, such as the outfitting of the CAG CDF, we believe our growth will reflect in our financials when operational economies of scale sets in when we hit critical mass.

Having won large-scale contracts such as Suntec, we will continue to capitalise on our strengths and established track record to seek customers of such calibre to further strengthen our order book, which currently stands at S\$16.4 million, and ensure sustainable long-term growth.

The government had in September 2016 released a Food Services Industry Transformation Roadmap outlining initiatives for the F&B industry to drive productivity growth of 2% annually without any manpower increase. It was reported that only 15% of F&B businesses have adopted digital service solutions such as automated dishwashing, signalling untapped potential for our growth¹.

With our early-mover advantage, clear market leadership, a comprehensive suite of capabilities, established track record, strategically-located facilities with the necessary infrastructure and capacity to support an anticipated rise in business demand, we are well-positioned to capture growth opportunities.

¹ *More vending machine cafes, cashless payment at coffeeshops under new food industry roadmap – Channel NewsAsia, September 8, 2016*

BOARD OF DIRECTORS

PANG POK Executive Chairman and Chief Executive Officer

Mr Pang Pok is responsible for the Group's overall management, including overseeing its operations, setting directions for new growth areas and developing business strategies. Mr Pang brings with him over 20 years of experience in the F&B industry and has led the expansion and innovation of our business and operations. He has been instrumental in our Group's growth, having founded four out of the five of our Group's companies, including Greatsolutions in 2012, and having served since 1999 as a director on the board of directors of Hawkerway.

Mr Pang was awarded the Public Service Medal by the Singapore President's Office in 2011 and the Long Service Award by the People's Association in 2013. He also serves as Assistant Treasurer of the Hainan Business Club, Honorary Deputy Treasurer of the Yuying Secondary School Management Committee, Vice Chairman of the Qinghai Association (Singapore) and Vice President of the Guang Wu Club.



FOO SEK KUAN KENNETH Executive Director and Chief Financial Officer

Mr Kenneth Foo joined the Group on 1 September 2014 and is responsible for overseeing the Group's accounts and finance department as well as its human resources and administrative functions.

Mr Foo has approximately 27 years of relevant experience in finance and audit work. He commenced his career with Price Waterhouse CPA (as it was then known) and has held finance, business development and operational roles in various listed companies between 1992 to 2007, including BP Singapore Pte. Limited, Standard Chartered Bank, Singapore Exchange Ltd, Tuan Sing Holdings Ltd and Neptune Orient Lines Ltd.

Mr Foo graduated with a Bachelor of Accountancy degree from the National University of Singapore in 1989, and has been a member of the Institute of Singapore Chartered Accountants since 2001.

LEE SAI SING Non-Independent and Non-Executive Director

Mr Lee Sai Sing is our Non-Independent and Non-Executive Director. He is presently the Executive Director of Maxi-Harvest Group, which focuses on investments in South East Asia.

Mr Lee has extensive experience in investing in unlisted and listed Asian equities. He is also involved in advising corporations in restructurings, pre-initial public offerings and initial public offerings. Mr Lee had worked in the fund management industry for many years in major financial institutions like Government of Singapore Investment Corp, BNPParibas Private Bank and Maybank-Kim Eng. He is currently an independent director of Maxi-Cash Financial Services Corporation Ltd.

Mr Lee graduated with a Bachelor degree in Applied Science (Computer Engineering) from Nanyang Technological University in 1995.

LEE DAH KHANG *Lead Independent Director*

Mr Lee Dah Khang was appointed to our Board on 1 July 2016. Mr Lee has over 20 years of experience in providing external, internal audit and consultancy services.

Mr Lee is a director of Yang Lee Consulting Pte Ltd, a management consulting firm which he set up in 2005 that provides professional services on corporate risk advisory, internal audits, financial due diligence, accounting solutions and Pre-IPO advisory services. He serves a portfolio of companies listed on SGX-ST, multi-national companies, small and medium enterprises across a variety of industries.

Mr Lee graduated with a Bachelor of Accountancy from Nanyang Technological University in June 1995. He is a chartered accountant of the Institute of Singapore Chartered Accountants and a certified internal auditor of the Institute of Internal Auditors. Mr Lee is also a practising management consultant of the Practising Management Consultant Certification Board.



CHUA KERN *Independent Director*

Mr Chua Kern was appointed to the Board on 17 December 2015. Mr Chua has more than 16 years of experience in the legal industry, specialising in the areas of corporate finance, securities and capital markets and mergers and acquisitions. He is currently a director of Chancery Law Corporation, having co-founded the firm in 2005.

Mr Chua also advises companies listed on the Mainboard of the SGX-ST and on Catalist in respect of their corporate finance activities and other major corporate actions. Mr Chua had worked in Messrs Colin Ng & Partners LLP, Messrs KhattarWong LLP and Messrs Peter Chua & Partners. He is currently also an Independent Director of TLV Holdings Limited, a company listed on Catalist.

Mr Chua was admitted to the Supreme Court of Singapore as an Advocate and Solicitor in 1997. He obtained a Bachelor of Law (Honours) degree from the University of Bristol, United Kingdom, in 1995 and a Diploma in Singapore law from the National University of Singapore in 1996. He is a member of the Law Society of Singapore and the Singapore Academy of Law.

CHOW KEK TONG *Independent Director*

Mr Chow Kek Tong was appointed to the Board on 17 December 2015. Mr Chow has over 20 years of relevant experience in finance and audit work, having held senior positions in several publicly-listed companies including Hong Kong-listed Starlite Holdings, Malaysia-listed Innovest Holdings, and SGX Mainboard-listed Flextech Holdings Ltd.

Mr Chow currently runs a business consultancy firm, Nizhoni Investment Pte. Ltd.

Mr Chow studied professional courses in accountancy with the North East London Polytechnic and Financial Training Institute, London, and has been an associate member of the Institute of Chartered Accountants England & Wales since 1983.



SENIOR MANAGEMENT

TUNG JUH ING

Finance Manager

Ms Tung Juh Ing was appointed Finance Manager of the Group on 30 April 2016 and is responsible for various accounting-related functions of our Group. These include assisting our Chief Financial Officer in the Group's corporate tax filings, inter-company reconciliations and liaising with external auditors.

Prior to this appointment, Ms Tung was the Finance Manager for the Group's wholly-owned subsidiary, Greatsolutions Pte. Ltd. She brings with her over 10 years of relevant experience in finance, having held senior positions in various small and medium-sized enterprises and public listed company.

Ms Tung studied professional courses in accountancy with the Association of Chartered Certified Accountants. She is an Associate Member with Institute of Singapore Chartered Accountants and also a fellow member of Association of Chartered Certified Accountants.

PHANG BOON CHIN AREN

Head (Food and Beverage Division)

Mr Aren Phang joined our Group in April 2015 and is responsible for managing existing customer relationships, implementing effective cost management measures and providing support for expansion of new customer outlets as part of our Company's business development activities.

Mr Phang has approximately 17 years of relevant experience in the F&B industry, having held senior positions at Foodfare Catering Pte Ltd, Select Catering Services Pte Ltd and Jun Hang F&B Pte. Ltd., prior to his appointment with the Group.



AWARDS & ACCREDITATION



ISO 22000: 2005 certification

- Demonstrates commitment to stringent food safety standards



Halal certification

- A competitive advantage which lays the foundation for future business expansion to widen customer base



Highest qualification that can be attained in the BizSAFE programme

- Strong endorsement of the Group's focus in health, safety and environmental management systems



OHSAS 18001:2007

- Strong endorsement of the Group's focus in health, safety and environmental management systems



CORPORATE INFORMATION

BOARD OF DIRECTORS:

PANG POK Executive Chairman, Chief Executive Officer
FOO SEK KUAN KENNETH Executive Director, Chief Financial Officer
LEE SAI SING Non-Independent and Non-Executive Director
LEE DAH KHANG Lead Independent Director
CHUA KERN Independent Director
CHOW KEK TONG Independent Director

AUDIT AND RISK COMMITTEE

LEE DAH KHANG (*Chairman*)
CHUA KERN
CHOW KEK TONG

NOMINATING COMMITTEE

CHUA KERN (*Chairman*)
CHOW KEK TONG
LEE DAH KHANG

REMUNERATION COMMITTEE

CHOW KEK TONG (*Chairman*)
LEE DAH KHANG
CHUA KERN

COMPANY SECRETARY

SIN CHEE MEI, ACIS

REGISTERED OFFICE

8 Loyang Way 4
 Singapore 507604

PRINCIPAL PLACE OF BUSINESS

8 Loyang Way 4
 Singapore 507604

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

RHT Corporate Advisory Pte. Ltd.
 9 Raffles Place
 #29-01 Republic Plaza Tower 1
 Singapore 048619

INDEPENDENT AUDITORS

Baker Tilly TFW LLP
 600 North Bridge Road
 #05-01 Parkview Square
 Singapore 188778

Partner-in-charge:
 Mr Joshua Ong Kian Guan
 (Chartered Accountant)

PRINCIPAL BANKER

DBS Bank Ltd.
 12 Marina Boulevard
 Tower 3 Marina Bay Financial Centre
 Singapore 018982



CORPORATE GOVERNANCE

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2012 AND CATALIST RULES

The Board of Directors (the “**Board**”) of GS Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This corporate governance report, set out in tabular form, outlines the Company’s corporate governance structures and practices that were in place during the financial year ended 31 December 2016 (“**FY2016**”), with specific reference made to the principles of the Code of Corporate Governance 2012 (the “**Code**”) and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in January 2015 (the “**Guide**”).

The Board and Management have taken step to align the governance framework with the recommendations of the Code, where applicable, and where deviations from the Code, appropriate explanations are provided.

Guideline	Code and/or Guide Description	Company’s Compliance or Explanation
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices in FY2016.

BOARD MATTERS

The Board’s Conduct of Affairs

1.1	What is the role of the Board?	Currently, the Board has six (6) Directors, three of whom are Independent Non-Executive Directors. The Directors of the company as at the date of this statement are:– <table border="1"> <thead> <tr> <th colspan="2"><i>Table 1.1 – Composition of the Board</i></th> </tr> <tr> <th>Name of Director</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>Pang Pok</td> <td>Executive Chairman and Chief Executive Officer</td> </tr> <tr> <td>Foo Sek Kuan</td> <td>Executive Director and Chief Financial Officer</td> </tr> <tr> <td>Lee Dah Khang</td> <td>Lead Independent Director</td> </tr> <tr> <td>Chua Kern</td> <td>Independent Director</td> </tr> <tr> <td>Chow Kek Tong</td> <td>Independent Director</td> </tr> <tr> <td>Lee Sai Sing</td> <td>Non-Independent and Non-Executive Director</td> </tr> </tbody> </table>	<i>Table 1.1 – Composition of the Board</i>		Name of Director	Designation	Pang Pok	Executive Chairman and Chief Executive Officer	Foo Sek Kuan	Executive Director and Chief Financial Officer	Lee Dah Khang	Lead Independent Director	Chua Kern	Independent Director	Chow Kek Tong	Independent Director	Lee Sai Sing	Non-Independent and Non-Executive Director
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CORPORATE GOVERNANCE

		<p>The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board's principle functions are:</p> <ul style="list-style-type: none"> • supervising the overall management of the business and affairs of the Group and approving the Group's corporate and strategic objectives and direction; • overseeing the process for evaluating the adequacy of internal control, risk management, financial reporting and compliance; • reviewing the performance of management and overseeing succession planning for management; • setting the Company's value and standards, and ensure that obligations to shareholders and other stakeholders are understood and met; • providing overall corporate governance of the Company. 																
1.2	All directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the company.	All directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.																
1.3	Has the Board delegated certain responsibilities to committees? If yes, please provide details.	<p>Board committees, namely the Audit Committee (which has been renamed as Audit and Risk Committee (the "ARC")), the Remuneration Committee (the "RC"), the Nominating Committee (the "NC") (collectively the "Board Committees") have been constituted to assist the Board in the discharge of its responsibilities. The duties, authorities and responsibilities of each committee are set out in their respective terms of reference. The terms of references are reviewed on a regular basis to ensure its continued relevance.</p> <p>The compositions of the Board Committees are as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>ARC</th> <th>NC</th> <th>RC</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Lee Dah Khang</td> <td>Chua Kern</td> <td>Chow Kek Tong</td> </tr> <tr> <td>Member</td> <td>Chua Kern</td> <td>Lee Dah Khang</td> <td>Lee Dah Khang</td> </tr> <tr> <td>Member</td> <td>Chow Kek Tong</td> <td>Chow Kek Tong</td> <td>Chua Kern</td> </tr> </tbody> </table>		ARC	NC	RC	Chairman	Lee Dah Khang	Chua Kern	Chow Kek Tong	Member	Chua Kern	Lee Dah Khang	Lee Dah Khang	Member	Chow Kek Tong	Chow Kek Tong	Chua Kern
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Member	Chow Kek Tong	Chow Kek Tong	Chua Kern															

CORPORATE GOVERNANCE

1.4	Have the Board and Board Committees met in the last financial year?	<p>The Board meets quarterly and more often when required to address any specific significant matters may arise.</p> <p>The Company's Constitution (the "Constitution") allow for meetings to be held through audio visual communication equipment. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means. The Board and Board Committees may also make decisions through circulating resolutions.</p> <p>During the current financial year, the Board met four times. The number of Board and Board Committee meetings held and the attendance of each board member at the meetings for FY2016 are as follows:–</p> <table border="1" data-bbox="707 898 1436 1256"> <thead> <tr> <th rowspan="2">Name of Director</th> <th colspan="2">Board</th> <th colspan="2">ARC</th> <th colspan="2">NC</th> <th colspan="2">RC</th> </tr> <tr> <th>No. of Meetings Held</th> <th>No. of Meetings Attended</th> <th>No. of Meetings Held</th> <th>No. of Meetings Attended</th> <th>No. of Meetings Held</th> <th>No. of Meetings Attended</th> <th>No. of Meetings Held</th> <th>No. of Meetings Attended</th> </tr> </thead> <tbody> <tr> <td>Pang Pok</td> <td>4</td> <td>4</td> <td>5</td> <td>Na</td> <td>1</td> <td>Na</td> <td>1</td> <td>Na</td> </tr> <tr> <td>Foo Sek Kuan</td> <td>4</td> <td>4</td> <td>5</td> <td>Na</td> <td>1</td> <td>Na</td> <td>1</td> <td>Na</td> </tr> <tr> <td>Lee Dah Khang*</td> <td>4</td> <td>2</td> <td>5</td> <td>2</td> <td>1</td> <td>Na</td> <td>1</td> <td>Na</td> </tr> <tr> <td>Kek Sin Shen Steve#</td> <td>4</td> <td>2</td> <td>5</td> <td>3</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> </tr> <tr> <td>Chua Kern</td> <td>4</td> <td>4</td> <td>5</td> <td>5</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> </tr> <tr> <td>Chow Kek Tong</td> <td>4</td> <td>4</td> <td>5</td> <td>5</td> <td>1</td> <td>1</td> <td>1</td> <td>1</td> </tr> </tbody> </table> <p>* Mr Lee Dah Khang was appointed as Lead Independent Director of the Company on 1 July 2016. He is a Chairman of ARC and a member of NC and RC.</p> <p># Mr Kek Sin Shen Steve resigned as Lead Independent Director of the Company on 30 June 2016.</p>	Name of Director	Board		ARC		NC		RC		No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	Pang Pok	4	4	5	Na	1	Na	1	Na	Foo Sek Kuan	4	4	5	Na	1	Na	1	Na	Lee Dah Khang*	4	2	5	2	1	Na	1	Na	Kek Sin Shen Steve#	4	2	5	3	1	1	1	1	Chua Kern	4	4	5	5	1	1	1	1	Chow Kek Tong	4	4	5	5	1	1	1	1
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1.5	What are the types of material transactions which require approval from the Board?	<p>Matters that require the Board's approval include, amongst others, the following:</p> <ul style="list-style-type: none"> • approval of the Group's strategic objectives; • changes relating to the Group's capital structure including reduction of capital, share issues and share buy backs; • major changes to the Group's corporate structure, including, but not limited to acquisitions and disposals; • approval of the quarter/full year's results announcements and release of annual reports • approval of the dividend policy, declaration of the interim dividend and recommendation of the final dividend; • approval of material investments, divestments or capital expenditure; • approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting including approval of all circulars, prospectuses, etc; and • any decision likely to have a material impact on the Group from any perspective, including, but not limited to, financial, operational, strategic or reputational. 																																																																							

CORPORATE GOVERNANCE

1.6	(a) Are new Directors given formal training? If not, please explain why.	<p>The Company ensures that incoming new Directors are given guidance and orientation including onsite visits to get them familiarised with the Group's businesses, organisation structure, corporate strategies and policies and corporate governance practices upon their appointment and to facilitate the effective discharge of their duties.</p> <p>For new Directors who do not have prior experience as a director of a public listed company in Singapore, they will attend training courses organised by the Singapore Institute of Directors or other training institutions in areas such as accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties.</p>
	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	<p>All Directors are updated regularly on any new developments in regulatory, legal and accounting frameworks that are of relevance to the Group through participation in training courses, seminars and workshops, at the Company's expense. The Directors were briefed by the External Auditors ("EA") on changes and amendments to the Singapore Financial Reporting Standards.</p> <p>New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("ACRA") which are relevant to the Directors are circulated to the Board.</p> <p>The Company Secretary informs the directors of upcoming conferences and seminars relevant to their roles as directors of the Company. The Company has an on-going budget for all directors to attend appropriate courses, conferences and seminars conducted by external professionals for them to stay abreast of relevant business developments and outlook.</p> <p>The Board is briefed by EA on recent changes to the accounting standards and regulatory updates on a half yearly basis. The CEO updates the Board at each meeting on business and strategic developments of the Group.</p>
1.7	Upon appointment of each director, has the company should provide a formal letter to the director, setting out the director's duties and obligations?	A formal letter of appointment is provided to every new Director, setting out his duties and obligations.

CORPORATE GOVERNANCE

Board Composition and Guidance		
2.1 2.2 3.3	<p>Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.</p>	<p>In view that the Executive Chairman is part of the management team and is not an independent director, Guideline 2.1 and 2.2 of the Code is met as the Independent Directors make up half of the Board. Mr Lee Dah Khang has also been appointed as the Lead Independent Director of the Company and makes himself available to shareholders at the Company's general meetings.</p> <p>The criterion of independence is based on the guidelines stated in the Code. The Board 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 independent business judgment with a view to the best interests of the Company.</p> <p>The independence of the Independent Director is subject to the NC's review annually, based on the guidelines stated in the Code, in particular the rigorous review on the continued independence of Independent Directors who have served for more than nine (9) years from the date of their first appointment.</p> <p>The Board determined that the Independent Directors remained independent in character and judgment, and that there were no relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. The Board is of the opinion that their length of service has not, in anyway, affected their independence.</p> <p>The Board is able to exercise objective judgement independently from management and no individual or small group of individuals dominate the decisions of the Board.</p>
2.3 4.3	<p>Has the independence of the Independent Directors been reviewed in the last financial year?</p>	<p>The independence of each director is assessed and reviewed annually by the NC including the last financial year. The Independent Directors, Mr Chua Kern, Mr Chow Kek Tong and Mr Lee Dah Khang, had confirmed their independence.</p>
	<p>(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship.</p> <p>(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.</p>	<p>The Independent Directors do not have any relationship as stated in the Code that would otherwise deem him not to be independent.</p>

CORPORATE GOVERNANCE

2.4	Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	None of the Independent Directors on the Board serves for a period exceeding nine years from the date of his first appointment.																																				
2.5	Has the Board examine its size and decide on what it considers an appropriate size for the Board, which facilitates effective decision making?	Taking into account the nature and scope of the Group's business and the number of board committees, in concurrence with the NC, the Board believes that the current size and composition provide sufficient diversity without interfering with efficient decision making.																																				
2.6	<p>(a) What is the Board's policy with regard to diversity in identifying director nominees?</p> <p>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</p>	<p>The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with core competencies such as accounting and finance, business acumen, management experience, industry knowledge, strategic planning experience, customer-based knowledge, familiarity with regulatory requirements and knowledge of risk management.</p> <p>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:</p> <table border="1" data-bbox="707 1137 1436 1874"> <thead> <tr> <th colspan="3">Table 2.6 – Balance and Diversity of the Board</th> </tr> <tr> <th></th> <th>Number of Directors</th> <th>Proportion of Board (%)</th> </tr> </thead> <tbody> <tr> <td colspan="3">Core Competencies</td> </tr> <tr> <td>– Accounting or finance</td> <td>4</td> <td>67</td> </tr> <tr> <td>– Business management</td> <td>6</td> <td>100</td> </tr> <tr> <td>– Legal or corporate governance</td> <td>5</td> <td>83</td> </tr> <tr> <td>– Relevant industry knowledge or experience</td> <td>2</td> <td>33</td> </tr> <tr> <td>– Strategic planning experience</td> <td>6</td> <td>100</td> </tr> <tr> <td>– Customer based experience or knowledge</td> <td>3</td> <td>50</td> </tr> <tr> <td colspan="3">Gender</td> </tr> <tr> <td>– Male</td> <td>6</td> <td>100</td> </tr> <tr> <td>– Female</td> <td>0</td> <td>0</td> </tr> </tbody> </table>	Table 2.6 – Balance and Diversity of the Board				Number of Directors	Proportion of Board (%)	Core Competencies			– Accounting or finance	4	67	– Business management	6	100	– Legal or corporate governance	5	83	– Relevant industry knowledge or experience	2	33	– Strategic planning experience	6	100	– Customer based experience or knowledge	3	50	Gender			– Male	6	100	– Female	0	0
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	(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	<p>The Board has adopted the following steps to maintain or enhance its balance and diversity:</p> <ul style="list-style-type: none"> • Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and • Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board. <p>The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.</p>
2.7	<p>How have the non-executive directors:</p> <p>(a) constructively challenge and help develop proposals on strategy; and</p> <p>(b) review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance?</p>	<p>The Board, particularly the independent directors, which are non-executive directors, are kept well informed of the Group's business and are knowledgeable about the industry the Group operates in. To ensure that the independent directors are well supported by accurate, complete and timely information, they have unrestricted access to Management, and have sufficient time and resources to discharge their oversight functions effectively.</p>
2.8 3.4	<p>Have the Non-Executive Directors/ Independent Directors met in the absence of key management personnel in the last financial year?</p>	<p>The independent directors do discuss and/or meet on a need-basis without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Directors.</p> <p>The Independent Directors have met in the absence of key management personnel in FY2016.</p>

CORPORATE GOVERNANCE

Chairman and Chief Executive Officer		
3.1	Are the duties between Chairman and CEO segregated?	<p>Mr Pang Pok is the Executive Chairman and CEO of the Company. He is responsible for our Group's overall management, including overseeing our operations, setting directions for new growth areas and developing business strategies.</p> <p>Mr Pang Pok played an instrumental role in developing the business of the Group and has provided the Group with strong leadership and vision. It is hence the view of the Board that it is currently in the best interests of the Group to adopt a single leadership structure.</p> <p>The Chairman and CEO remains involved in significant corporate matters, especially those of strategic nature. In addition, he is responsible for the effective function of the Board and exercise control over the quality, quantity and timeliness of the flow of information between the management of the Company and the Board, and in ensuring compliance with the guidelines set out in the Code.</p> <p>Taking into account the size, scope and nature of the operations of the Group, the roles of the Executive Chairman and CEO are not separated as the Board is of the view that there is adequate accountability and transparency within the Group.</p> <p>The Board is also of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence and there is accountability for good corporate governance. All the Board committees are chaired by Independent Directors and more than one third of the Board consists of Independent Directors.</p> <p>To promote a high standard of corporate governance, Mr Lee Dah Khang had been appointed as the Lead Independent Director. As the Lead Independent Director, he shall be available to the shareholders where they have concerns which contact through normal channels of the Chairman and CEO or the Chief Financial Officer has failed to resolved or for which such contact is inappropriate.</p>
3.2		

CORPORATE GOVERNANCE

Board Membership		
4.1 4.2	What are the duties of the NC?	<p>The NC holds at least one (1) meeting in each financial year.</p> <p>The NC is guided by key terms of reference as follows:</p> <ul style="list-style-type: none"> (a) recommend to the Board on board appointments, including re-nominations of existing directors for re-election in accordance with our Constitution, taking into account the director's contribution and performance; (b) review and approve any new employment of related persons and proposed terms of their employment; (c) determine on an annual basis, and as and when circumstances require, whether or not a director of our Company is independent; (d) in respect of a Director who has multiple board representations on various companies, if any, to review and decide whether or not such Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the director when serving on multiple boards and discharging his duties towards other principal commitments; (e) recommend to the Board internal guidelines to address the competing time commitments faced by Directors who serve on multiple boards and the maximum number of listed company board representations which any Director may hold; (f) decide whether or not a Director of our Company is able to and has been adequately carrying his duties as a Director; (g) develop a process for evaluation of the performance of the Board, its committees and the Directors and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long-term shareholders' value; (h) if an external facilitator has been used in assessing the effectiveness of the Board, its board committees and each directors, to ensure that existing relationships, if any, between the Company and its appointed consultants will not affect the independence and objectivity of the consultants; (i) reviewing the succession plans for Directors and key executives; and (j) reviewing training and professional development programmes for our Board.

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4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	For the reasons explained in Guideline 4.4(b) below, the Board has not determined the maximum number of listed company board representations each Director may hold.	
	(b) If a maximum has not been determined, what are the reasons?	Where a Director has multiple board representations, the NC will evaluate whether or not the Director is able to carry out and has been adequately carrying out his/her duties as a Director of the Company taking into consideration time and resources allocated to the affairs of the Company. The NC is of the view that all the directors are able to devote to the Company's affairs in light of their other commitments. The Board also notes that currently none of the Directors hold more than three board representations in listed companies.	
	(c) What are the specific considerations in deciding on the capacity of directors?	The considerations in assessing the capacity of Directors include the following: <ul style="list-style-type: none"> • Expected and/or competing time commitments of Directors; • Geographical location of Directors; • Size and composition of the Board; and • Nature and scope of the Group's operations and size. 	
	(d) Have the Directors adequately discharged their duties?	The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, and is satisfied that all Directors have discharged their duties adequately for FY2016.	
4.5	Are there alternate Directors?	The Company does not have any alternate directors.	
4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	Table 4.6(a) – Process for the Selection and Appointment of New Directors	
		1. Determination of selection criteria	<ul style="list-style-type: none"> • The NC, in consultation with the Board, would identify the current needs of the Board in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board to complement and strengthen the Board.
		2. Search for suitable candidates	<ul style="list-style-type: none"> • The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.
		3. Assessment of shortlisted candidates	<ul style="list-style-type: none"> • The NC would meet and interview the shortlisted candidates to assess their suitability.
		4. Appointment of director	<ul style="list-style-type: none"> • The NC would recommend the selected candidate to the Board for consideration and approval.

CORPORATE GOVERNANCE

Table 4.6(b) – Process for the Re-electing Incumbent Directors		
1.	Assessment of director	<ul style="list-style-type: none"> • The NC would access the contributions and performance of the Director in accordance with the performance criteria set by the Board; and • The NC would also review the range of expertise, skills and attributes of current Board members and consider the current needs of the Board.
2.	Re-appointment of director	<ul style="list-style-type: none"> • Subject to the NC’s satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval. <p>All Directors submit themselves for re-nomination and re-appointment at regular intervals of at least once every three years. Article 113 of the Company’s Constitution provides that one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not lesser than one-third) shall retire from office by rotation and be eligible for re-election at the Company’s Annual General Meeting (“AGM”). Pursuant to the one-third rotation rule, Messrs Foo Sek Kuan and Chua Kern will retire and submit themselves for re-election at the forthcoming AGM. The retiring Directors have offered themselves for re-election. The Board has accepted the recommendation of the NC.</p> <p>In addition, pursuant to Article 117 of the Company’s Constitution, additional Directors appointed during the year shall hold office until the next AGM and shall then be eligible for re-election. Messrs Lee Dah Khang and Lee Sai Sing will retire and seek to be re-elected at the forthcoming AGM and if re-elected will hold office from the date of the AGM until the next AGM of the Company. The retiring Directors have offered themselves for re-election. The Board has accepted the recommendation of the NC.</p>

CORPORATE GOVERNANCE

		<p>In making the recommendations, the NC had considered the directors' overall contribution and performance.</p> <p>Mr Chua Kern will, upon re-election as a Director, remain as the Chairman of the NC and a member of the ARC and RC. Mr Lee Dah Khang will, upon re-election as a Director, remain as the Chairman of the ARC and a member of the NC and the RC.</p>
<p>4.7</p>	<p>Please provide the following key information regarding the Directors'.</p> <ul style="list-style-type: none"> • Academic and professional qualifications • Shareholding in the Company and its related corporation • Board committees served on (as a member or chairman), date of first appointment and last re-appointment as a director; • Directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments; • Indicate which directors are executive, non-executive or considered by the NC to be independent; and • The names of the directors submitted for appointment or re-appointment should also be accompanied by such details and information to enable shareholders to make informed decisions. 	<p>The key information of the Directors, including their appointment dates and directorships held in the past 3 years, are set out on pages 8 to 9 of this annual report.</p> <p>The shareholdings of the individual directors of the Company are set out on page 44. None of the directors hold shares in the subsidiaries of the Company.</p> <p>Directors who are seeking re-appointment at the forthcoming AGM to be held on 28 April 2017 are stated in the Notice of AGM set out on pages 97 to 101 of this Annual Report.</p>

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Board Performance														
5.1 5.2 5.3	What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?	<p>Table 5 sets out the performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director to the effectiveness of the Board for the financial year ending 31 December 2017:</p> <table border="1"> <thead> <tr> <th colspan="3">Table 5</th> </tr> <tr> <th>Performance Criteria</th> <th>Board and Board Committees</th> <th>Individual Directors</th> </tr> </thead> <tbody> <tr> <td>Qualitative</td> <td> <ol style="list-style-type: none"> 1. Size and composition 2. Conduct of Meetings 3. Access to information 4. Board processes and accountability 5. Strategic planning 6. Risk management and Internal Control 7. CEO Performance/ Succession Planning 8. Compensation 9. Communication with shareholders </td> <td> <ol style="list-style-type: none"> 1. Commitment of time 2. Candour 3. Participation 4. Knowledge and abilities 5. Teamwork 6. Independence 7. Overall effectiveness </td> </tr> <tr> <td>Quantitative</td> <td> <ol style="list-style-type: none"> 1. Measuring and monitoring performance 2. Financial Reporting </td> <td> <ol style="list-style-type: none"> 1. Attendance at Board and Board Committee meetings </td> </tr> </tbody> </table>	Table 5			Performance Criteria	Board and Board Committees	Individual Directors	Qualitative	<ol style="list-style-type: none"> 1. Size and composition 2. Conduct of Meetings 3. Access to information 4. Board processes and accountability 5. Strategic planning 6. Risk management and Internal Control 7. CEO Performance/ Succession Planning 8. Compensation 9. Communication with shareholders 	<ol style="list-style-type: none"> 1. Commitment of time 2. Candour 3. Participation 4. Knowledge and abilities 5. Teamwork 6. Independence 7. Overall effectiveness 	Quantitative	<ol style="list-style-type: none"> 1. Measuring and monitoring performance 2. Financial Reporting 	<ol style="list-style-type: none"> 1. Attendance at Board and Board Committee meetings
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	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	<p>The NC has adopted for annual assessment for the evaluation of the effectiveness of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board and has performed the necessary assessment for the financial year.</p> <p>The Company Secretary acts as a facilitator in the evaluation process. The Board has not engaged any external consultant to conduct an assessment of the performance of the Board and each individual Director. Where relevant and when the need arises, the NC will consider such an engagement.</p>												
	(b) Has the Board met its performance objectives?	Yes, the Board has met its performance objectives, based on the assessment and evaluation referred to in Guideline 5.3(a) above.												

CORPORATE GOVERNANCE

Access to Information																										
6.1 6.2 10.3	What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	<p>Table 6 – Types of information provided by key management personnel to Independent Directors</p> <table border="1"> <thead> <tr> <th></th> <th>Information</th> <th>Frequency</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td> <td>Quarterly</td> </tr> <tr> <td>2.</td> <td>Updates to the Group's operations and the markets in which the Group operates in</td> <td>Quarterly</td> </tr> <tr> <td>3.</td> <td>Budgets and/or forecasts (with variance analysis), management accounts (with financial ratios analysis)</td> <td>Quarterly</td> </tr> <tr> <td>4.</td> <td>Reports on on-going or planned corporate actions</td> <td>Quarterly</td> </tr> <tr> <td>5.</td> <td>Enterprise risk framework and internal auditors' ("IA") report(s)</td> <td>Yearly</td> </tr> <tr> <td>6.</td> <td>Shareholding statistics</td> <td>Yearly</td> </tr> <tr> <td>7.</td> <td>EA' report(s)</td> <td>Yearly</td> </tr> </tbody> </table> <p>Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.</p>		Information	Frequency	1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Quarterly	2.	Updates to the Group's operations and the markets in which the Group operates in	Quarterly	3.	Budgets and/or forecasts (with variance analysis), management accounts (with financial ratios analysis)	Quarterly	4.	Reports on on-going or planned corporate actions	Quarterly	5.	Enterprise risk framework and internal auditors' ("IA") report(s)	Yearly	6.	Shareholding statistics	Yearly	7.	EA' report(s)	Yearly
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7.	EA' report(s)	Yearly																								
6.3 6.4	What is the role of the Company Secretary?	<p>The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, is as follows:</p> <ul style="list-style-type: none"> assist the Chairman and the Chairman of each Board committees in the development of the agendas for the various Board and Board committees meetings; administers and attends all Board and Board committees meetings of the Company and prepares minutes of meetings; ensuring that Board procedures are observed and that applicable rules are complied with; and advising the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term shareholder value, as well as assisting the Chairman in ensuring good information flows within the Board and its board committees. <p>The appointment and the removal of the Company Secretary are subject to the approval of the Board.</p> <p>Where the directors, whether individually or collectively, require independent professional advice in furtherance of their duties, the Company Secretary may assist in appointing a professional advisor to render the advice and keep the Board informed of such advice. The cost of obtaining such professional advice will be borne by the Company.</p>																								

CORPORATE GOVERNANCE

REMUNERATION MATTERS		
Developing Remuneration Policies		
7.1 7.2 7.4	What is the role of the RC?	<p>The RC is guided by key terms of reference as follows:</p> <ul style="list-style-type: none"> (a) review and recommend to the Board a framework of remuneration for each Executive Director and Executive Officer and determine specific remuneration packages for each Executive Director and Executive Officer; (b) review annually the remuneration packages of the employees who are related to any of the Directors or any substantial shareholder of the Company; (c) review all aspect of remuneration Board and Executive Officers, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind; (d) review the design of all long term and short term incentive plans including option plans, stock plans and/or other equity based plans that the Group proposes to implement and oversee the administration of GS Holdings Employee Share Option Scheme ("GS Holdings ESOS") and GS Holdings Performance Share Plan ("GS Holdings PSP"); (e) review the Company's obligations arising in the event of termination of the Executive Directors and Executive Officers contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; (f) Consider and approve termination payments, retirement payments, gratuities, ex-gratia payments, severance payments and other similar payments to each key management personnel; and (g) seek expert advice inside the Company and/or outside professional advice on remuneration of all directors and to ensure that existing relationships, if any, between the Company and its appointed consultants will not affect the independence and objectivity of the consultants
7.3	Were remuneration consultants engaged in the last financial year?	The Board has not engaged any external remuneration consultant to advise on remuneration matters.

CORPORATE GOVERNANCE

Level and Mix of Remuneration		
8.1	What are the measures for assessing the performance of executive directors and key management personnel?	<p>In determining the level of remuneration, the RC shall:</p> <ul style="list-style-type: none"> • give due consideration to the Code's principles and guidance notes on the level and mix of remuneration so as to ensure that the level of remuneration is appropriate to attract, retain and motivate the directors to run the Company successfully; • ensure that a proportion of the remuneration is linked to corporate and individual's performance; and • design remuneration packages in such manner as to align interest of executive director and key management personnel with those of shareholders. <p>Annual review is carried out by the RC to ensure that the remuneration of the Executive Director and key management personnel commensurate with the Company's and their performances, giving due regard to the financial and commercial health and business needs of the Group. The performance of the CEO is reviewed periodically by the RC and the Board.</p>
8.2	Are there long-term incentive schemes for Executive Directors and key management personnel?	<p>The Company has adopted the GS Holdings ESOS and GS Holdings PSP on 17 December 2015.</p> <p>The GS Holdings ESOS serves as a long-term incentive scheme for the directors and employees of the Company.</p> <p>The GS Holdings PSP serves to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to improve their performance.</p> <p>The GS Holdings PSP is administered by the RC comprising three directors, Mr Chow Kek Tong, Mr Lee Dah Khang and Mr Chua Kern. The Chairman of the RC is Mr Chow Kek Tong.</p>
8.3	How is the remuneration for non-executive directors determined?	<p>The Board concurred with the RC that the proposed directors' fees for the year ending 31 December 2017 is appropriate and that the independent directors receive directors' fees in accordance with their level of contributions, taking into account factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the directors. The Company recognises the need to pay competitive fees to attract, motivate and retain directors without being excessive to the extent that their independence might be compromised.</p> <p>Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company.</p>

CORPORATE GOVERNANCE

8.4	Are there any contractual provisions to allow the company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the company?	<p>Having reviewed and considered the variable components of the Executive Directors and the key management personnel, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss.</p> <p>In addition, the Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.</p>
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Disclosure on Remuneration

9	What is the Company's remuneration policy?	<p>The Company's remuneration policy is one that seeks to attract, retain and motivate employees to achieve the Company's long-term growth and prosperity and to create value for our shareholders. The Company believes in aligning its level and structure of remuneration with the interest of shareholders to promote the long-term success of the Company. To initiate this, the GS Holdings ESOS and GS Holdings PSP have been adopted to link rewards to eligible employees and Directors, especially key executives based on corporate and individual performance and align their interests with those of shareholders.</p>																																																	
9.1 9.2	Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	<p>The breakdown for the remuneration of the Directors for FY2016 is as follows:</p> <table border="1" data-bbox="703 1330 1436 1715"> <thead> <tr> <th colspan="7">Table 9 - Directors' Remuneration</th> </tr> <tr> <th>Name</th> <th>Remuneration Band⁽¹⁾</th> <th>Salary (%)</th> <th>Bonus (%)</th> <th>Benefits-in-kind (%)</th> <th>Directors Fees (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td>Pang Pok</td> <td>A</td> <td>83</td> <td>3</td> <td>-</td> <td>14</td> <td>100</td> </tr> <tr> <td>Foo Sek Kuan</td> <td>A</td> <td>69</td> <td>9</td> <td>-</td> <td>22</td> <td>100</td> </tr> <tr> <td>Lee Dah Khang</td> <td>A</td> <td>-</td> <td>-</td> <td>-</td> <td>100</td> <td>100</td> </tr> <tr> <td>Chua Kern</td> <td>A</td> <td>-</td> <td>-</td> <td>-</td> <td>100</td> <td>100</td> </tr> <tr> <td>Chow Kek Tong</td> <td>A</td> <td>-</td> <td>-</td> <td>-</td> <td>100</td> <td>100</td> </tr> </tbody> </table> <p>After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director and key management personnel, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment.</p>	Table 9 - Directors' Remuneration							Name	Remuneration Band⁽¹⁾	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Directors Fees (%)	Total (%)	Pang Pok	A	83	3	-	14	100	Foo Sek Kuan	A	69	9	-	22	100	Lee Dah Khang	A	-	-	-	100	100	Chua Kern	A	-	-	-	100	100	Chow Kek Tong	A	-	-	-	100	100
Table 9 - Directors' Remuneration																																																			
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Chow Kek Tong	A	-	-	-	100	100																																													

CORPORATE GOVERNANCE

9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	<p>Currently, the Company only has two top key executives. The breakdown for the remuneration of the Company's key executive officers (who are not Directors or the CEO) for FY2016 is as follows:</p> <table border="1" data-bbox="707 562 1436 902"> <thead> <tr> <th colspan="6">Table 9.3 – Remuneration of Key Executive Officers</th> </tr> <tr> <th>Name</th> <th>Remuneration Band⁽¹⁾</th> <th>Salary (%)</th> <th>Bonus (%)</th> <th>Benefits-in-kind (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td>Chiu Li Yu Lawrence*</td> <td>A</td> <td>80</td> <td>–</td> <td>20</td> <td>100</td> </tr> <tr> <td>Phang Boon Chin Aren</td> <td>A</td> <td>92</td> <td>4</td> <td>4</td> <td>100</td> </tr> <tr> <td>Ong Hsiao Chia Cindy[#]</td> <td>A</td> <td>93</td> <td>–</td> <td>7</td> <td>100</td> </tr> <tr> <td>Tung Juh Ing[^]</td> <td>A</td> <td>95</td> <td>4</td> <td>1</td> <td>100</td> </tr> </tbody> </table> <p>* Mr Chiu Li Yu Lawrence resigned as Finance Manager of the Company on 30 April 2016. [#] Ms Ong Hsiao Chia Cindy resigned as Human Resources Manager of the Company on 28 September 2016. [^] Ms Tung Juh Ing was appointed as Finance Manager of the Company on 30 April 2016.</p> <p>Notes</p> <p>⁽¹⁾ Remuneration Bands: Band A: Compensation from S\$0 to S\$250,000 per annum. Band B: Compensation from S\$250,001 to S\$500,000 per annum. Band C: Compensation from S\$500,001 and above.</p>	Table 9.3 – Remuneration of Key Executive Officers						Name	Remuneration Band⁽¹⁾	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Total (%)	Chiu Li Yu Lawrence*	A	80	–	20	100	Phang Boon Chin Aren	A	92	4	4	100	Ong Hsiao Chia Cindy [#]	A	93	–	7	100	Tung Juh Ing [^]	A	95	4	1	100
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Tung Juh Ing [^]	A	95	4	1	100																																	
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).	The total remuneration paid to the top 4 key management personnel for FY2016 was S\$210,900.																																				
9.4	Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S\$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.	<p>Save as the below said, there was no other employee of the Group who was an immediate family member of a Director or the CEO.</p> <table border="1" data-bbox="707 1458 1436 1742"> <thead> <tr> <th colspan="5">Table 9.4 – Remuneration of Employees who are immediate family members of a Director</th> </tr> <tr> <th>Name</th> <th>Salary (%)</th> <th>Bonus (%)</th> <th>Benefits-in-kind (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td colspan="5">Below S\$250,000</td> </tr> <tr> <td>Pang Yiling Eliss⁽¹⁾</td> <td>89</td> <td>4</td> <td>7</td> <td>100</td> </tr> </tbody> </table> <p>⁽¹⁾ Daughter of Pang Pok, Executive Chairman and CEO</p>	Table 9.4 – Remuneration of Employees who are immediate family members of a Director					Name	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Total (%)	Below S\$250,000					Pang Yiling Eliss ⁽¹⁾	89	4	7	100																
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Pang Yiling Eliss ⁽¹⁾	89	4	7	100																																		

CORPORATE GOVERNANCE

9.5	Please provide details of the employee share scheme(s).	<p>The Company has adopted the GS Holdings ESOS and the GS Holdings PSP. The GS Holdings ESOS and the GS Holdings PSP will provide eligible participants with an opportunity to participate in the equity of our Company and to motivate them towards better performance through increased dedication and loyalty. The GS Holdings ESOS and the GS Holdings PSP form an integral component of our compensation plan and are designed to primarily reward and retain Directors and employees whose services are vital to the growth and performance of our Company and/or our Group. As the date of this Annual Report, no option and/or awards have been granted under the GS Holdings ESOS and the GS Holdings PSP respectively.</p> <p>During FY2016 and as at 31 December 2016, no option or awards have been granted under the GS Holdings ESOS and GS Holdings PSP.</p>												
9.6	(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.	<p>The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2016. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.</p>												
	(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?	<p>The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:</p> <table border="1" data-bbox="707 1384 1436 1715"> <thead> <tr> <th colspan="3" data-bbox="707 1384 1436 1435">Table 9.6(b)</th> </tr> <tr> <th data-bbox="707 1435 874 1518">Performance Conditions</th> <th data-bbox="874 1435 1161 1518">Short-term Incentives (such as performance bonus)</th> <th data-bbox="1161 1435 1436 1518">Long-term Incentives (such as the ESOS & PSP)</th> </tr> </thead> <tbody> <tr> <td data-bbox="707 1518 874 1675">Qualitative</td> <td data-bbox="874 1518 1161 1675"> 1. Leadership 2. People development 3. Commitment 4. Teamwork </td> <td data-bbox="1161 1518 1436 1675"> 1. Leadership 2. People development 3. Commitment 4. Teamwork </td> </tr> <tr> <td data-bbox="707 1675 874 1715">Quantitative</td> <td data-bbox="874 1675 1161 1715">1. PBT of at least S\$3.5m</td> <td data-bbox="1161 1675 1436 1715">1. PBT of at least S\$3.5m</td> </tr> </tbody> </table>	Table 9.6(b)			Performance Conditions	Short-term Incentives (such as performance bonus)	Long-term Incentives (such as the ESOS & PSP)	Qualitative	1. Leadership 2. People development 3. Commitment 4. Teamwork	1. Leadership 2. People development 3. Commitment 4. Teamwork	Quantitative	1. PBT of at least S\$3.5m	1. PBT of at least S\$3.5m
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(c) Were all of these performance conditions met? If not, what were the reasons?	<p>As the Company was listed on the Catalist of the SGX-ST on 18 January 2016, the RC will utilise the performance conditions above for determining the entitlement under the short term and long term incentive scheme for the financial year ending 31 December 2017.</p>													

CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT		
Accountability		
10.1 10.2	The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.	<p>The Board is accountable to shareholders and ensures that all material information is fully disclosed in a timely manner to shareholders in compliance with statutory and regulatory requirements. The Board strives to provide its shareholders a balanced and understandable assessment of the Group's performance, position and prospects.</p> <p>The Board takes steps to ensure compliance with legislative and regulatory requirements, including requirements under the Catalyst Rules, where appropriate. The Independent Directors in consultation with management will request for management's consideration for the establishment of written policies for any particular matter that is deemed to be essential to form part of management control.</p> <p>Management provides appropriately detailed management accounts of the Group's performance on a quarterly basis to the Board to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. As and when circumstances arise, the Board can request management to provide any necessary explanation and/or information on the management accounts of the Group.</p>
Risk Management and Internal Controls		
11.1	The Board should determine the company's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems.	<p>The Board oversees management in the area of risk management and internal control system. The Board regularly reviews and improves the Company's business and operational activities to identify areas of significant risks as well as take appropriate measures to control and mitigate these risks.</p> <p>Management highlights and discusses (if any) salient risk management matters to the Board on a quarterly basis. The Company's risk management framework and internal control system covers financial, operational, compliance and information technology risks.</p>

CORPORATE GOVERNANCE

<p>11.2 11.4</p>	<p>The Board should, at least annually, review the adequacy and effectiveness of the company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties.</p>	<p>The ARC evaluates the findings of the external and internal auditors on the Group's internal controls annually.</p> <p>Although the Board acknowledges that it is responsible for the overall internal control framework, it also recognises that no cost effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.</p> <p>Based on the internal controls established and maintained, work performed by the internal and external auditors, and reviews performed by management and various Board Committees, the Board, with the recommendation of the ARC, is of the opinion that the internal controls and risk management systems, addressing financial, operational, compliance and information technology risks, are adequate and effective as of 31 December 2016 after considering the needs of the Group in its current business Development.</p> <p>The Board has also received assurance from the CEO and CFO:</p> <ul style="list-style-type: none"> (a) 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 (b) the Company's risk management and internal control systems including financial, operational, compliance and information technology controls, and risk management systems are effective. <p>In assessing the need to establish a separate risk committee to assist the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies, the Board after having discussed with the members of the ARC and the Board members, resolved that the function of the risk committee is best carried out by the ARC and in this connection in line with its enhanced role the Audit Committee has been renamed ARC in 2017.</p>
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CORPORATE GOVERNANCE

11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	<p>The Board is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as of 31 December 2016 after considering the needs of the Group in its current business Development.</p> <p>The basis for the Board's view are as follows:</p> <ol style="list-style-type: none"> 1. Assurance has been received from the CEO and CFO (refer to Section 11.3(b) below); 2. An internal audit has been done by the Internal Auditors ("IA") and significant matters highlighted to the ARC and key management personnel were appropriately addressed; 3. An external audit was performed by the External Auditors ("EA") and control gaps in financial controls were highlighted to the ARC and key management personnel were appropriately addressed; 4. Key management personnel regularly evaluates, monitors and reports to the ARC on material risks; and 5. Discussions were held between the ARC and auditors in the absence of the key management personnel to review and address any potential concerns. <p>The Company will establish a corporate social responsibilities policy with the implementation of appropriate policies and programmes.</p>
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	<p>Yes, the Board has obtained such assurance from the CEO and CFO in respect of FY2016.</p> <p>The Board has relied on the independent auditors' report as set out in this Annual Report as assurance that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances.</p> <p>The Board has additionally relied on IA's reports issued to the Company for FY2016 as assurance that the Company's risk management and internal control systems are effective.</p>

CORPORATE GOVERNANCE

Audit and Risk Committee		
12.1 12.3 12.4	What is the role of the ARC?	<p>The ARC was tasked by the Board to assist the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies. To reflect its enhanced role, the Audit Committee was renamed the ARC in 2017.</p> <p>The duties and roles of the ARC is guided by the following key terms of reference:</p> <ul style="list-style-type: none"> (a) assist the Board in discharge of its responsibilities on financial reporting matters; (b) review, with the EA and IA, the audit plans, scope of work, their evaluation of the system of internal accounting controls including financial, operational and compliance controls and risk management, their management letter and our management's response, and results of our audits compiled by the EA and IA; (c) review the interim and annual financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements; (d) review the effectiveness and adequacy of the internal control and procedures, addressing financial, operational, compliance and information technology risks and ensure co-ordination between IA and EA, and the management, review the assistance given by management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of management where necessary); (e) review the scope and results of the external audit, and the independence and objectivity of the EA; (f) review and discuss with the EA any suspected fraud or irregularity, of suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response; (g) make recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the EA, and approving the remuneration and terms of engagement of the EA;

CORPORATE GOVERNANCE

		<p>(h) review significant financial reporting issues and judgments with the CFO and the EA so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board of Directors;</p> <p>(i) review and report to the Board at least annually the adequacy and effectiveness of the Group's material internal controls with the CFO and the IA and EA, including financial, operation, compliance and information technology controls via reviews carried out by the IA;</p> <p>(j) review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);</p> <p>(k) review any potential conflicts of interest;</p> <p>(l) review and approve all hedging policies and instruments (if any) to be implemented by the Group;</p> <p>(m) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the ARC;</p> <p>(n) review and establish procedures for receipt, retention and treatment of complaints received by the Group such as criminal offences involving our Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group;</p> <p>(o) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position; and</p> <p>(p) generally undertake such other functions and duties as may be required by statute or the Catalist Rule, and by such amendments made thereto from time to time.</p>
12.2	Are the members of the ARC appropriately qualified to discharge its responsibilities?	The ARC has at least two members, including the ARC Chairman, who have recent and relevant accounting and related financial management expertise and experience.
12.5	Has the ARC met with the auditors in the absence of key management personnel?	Yes, the ARC has met with the IA and the EA in the absence of key management personnel on 27 February 2017.

CORPORATE GOVERNANCE

12.6	Has the ARC reviewed the independence of the EA?	The ARC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM.																								
	(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.	<table border="1" data-bbox="710 577 1436 974"> <thead> <tr> <th colspan="3" data-bbox="710 584 1436 622">Table 12.6(a) – Fees Paid/Payable to the EA for FY2016</th> </tr> <tr> <th data-bbox="710 622 1189 678"></th> <th data-bbox="1189 622 1305 678">S\$</th> <th data-bbox="1305 622 1436 678">% of total</th> </tr> </thead> <tbody> <tr> <td data-bbox="710 678 1189 728">Audit fees</td> <td data-bbox="1189 678 1305 728">80,000</td> <td data-bbox="1305 678 1436 728">62</td> </tr> <tr> <td data-bbox="710 728 1189 772">Non-audit fees</td> <td data-bbox="1189 728 1305 772"></td> <td data-bbox="1305 728 1436 772"></td> </tr> <tr> <td data-bbox="710 772 1189 824">– Review fees for 6 months ended 30.06.2016</td> <td data-bbox="1189 772 1305 824">15,000</td> <td data-bbox="1305 772 1436 824">12</td> </tr> <tr> <td data-bbox="710 824 1189 875">– Audit – agreed upon procedures</td> <td data-bbox="1189 824 1305 875">20,000</td> <td data-bbox="1305 824 1436 875">16</td> </tr> <tr> <td data-bbox="710 875 1189 927">– Tax compliance</td> <td data-bbox="1189 875 1305 927">12,700</td> <td data-bbox="1305 875 1436 927">10</td> </tr> <tr> <td data-bbox="710 927 1189 974">Total</td> <td data-bbox="1189 927 1305 974">127,700</td> <td data-bbox="1305 927 1436 974">100</td> </tr> </tbody> </table>	Table 12.6(a) – Fees Paid/Payable to the EA for FY2016				S\$	% of total	Audit fees	80,000	62	Non-audit fees			– Review fees for 6 months ended 30.06.2016	15,000	12	– Audit – agreed upon procedures	20,000	16	– Tax compliance	12,700	10	Total	127,700	100
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Audit fees	80,000	62																								
Non-audit fees																										
– Review fees for 6 months ended 30.06.2016	15,000	12																								
– Audit – agreed upon procedures	20,000	16																								
– Tax compliance	12,700	10																								
Total	127,700	100																								
	(b) If the EA have supplied a substantial volume of non-audit services to the Company, please state the bases for the ARC’s view on the independence of the EA.	The ARC has reviewed the independence of the external auditors annually. The ARC has conducted an annual review of the volume of non-audit services provided by the external auditors to satisfy the ARC that the nature and extent of such services will not prejudice the independence of the external auditors. The ARC is satisfied with the external auditors’ confirmation of their independence.																								
12.7	Does the Company have a whistle-blowing policy?	<p>The Company has in place a whistle-blowing policy. The Company’s staff may and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting a whistle blowing report to the ARC Chairman:–</p> <table border="1" data-bbox="710 1388 1436 1489"> <thead> <tr> <th data-bbox="710 1388 1013 1444">Name</th> <th data-bbox="1013 1388 1436 1444">Email Address</th> </tr> </thead> <tbody> <tr> <td data-bbox="710 1444 1013 1489">Lee Dah Khang</td> <td data-bbox="1013 1444 1436 1489">gs@whistleblow.com.sg</td> </tr> </tbody> </table> <p>The ARC has ensured that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. The details of the policy have been disseminated and made available to all parties concerned in the Company’s code of conduct.</p>	Name	Email Address	Lee Dah Khang	gs@whistleblow.com.sg																				
Name	Email Address																									
Lee Dah Khang	gs@whistleblow.com.sg																									
12.8	What are the ARC’s activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?	The ARC had been briefed by the EA on the changes or amendments to the accounting standards which have a direct impact on the financial statements.																								
12.9	Are any of the members of the ARC a former partner or director of the Company’s existing auditing firm or auditing corporation?	No former partner or director of the Company’s existing auditing firm or audit corporation is a member of the ARC.																								

CORPORATE GOVERNANCE

Internal Audit		
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	<p>The Company's internal audit function is outsourced to Mazars LLP ("IA") that reports directly to the ARC Chairman and administratively to the CEO and CFO. The ARC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The IA has unfettered access to all the Company's documents, records, properties and personnel, including access to the ARC.</p> <p>The ARC is satisfied that the IA is adequately qualified (given, inter alia, its adherence to standards set by internationally recognised professional bodies) and resourced, and has the appropriate standing in the Company to discharge its duties effectively.</p> <p>In relation to FY2016, the IA completed one review in accordance with the internal audit plan approved by the Board. The findings and recommendations of the IA, management's responses, and management's implementation of the recommendations have been reviewed and approved by the ARC.</p>
Shareholders' Rights		
14.1	Companies should facilitate the exercise of ownership rights by all shareholders. In particular, shareholders have the right to be sufficiently 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.	<p>The Company's corporate governance practices promote the fair and equitable treatment to all shareholders. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET, especially information pertaining to the Company's business development and financial performance which could have a material impact on the price or value of its shares, so as to enable shareholders to make informed decisions in respect of their investments in the Company.</p>
14.2	Companies should ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders should be informed of the rules, including voting procedures, that govern general meetings of shareholders.	<p>Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also published in the Business Times and posted onto the SGXNET.</p> <p>In order to provide ample time for the shareholders to review, the notice of AGM, together with the Annual Report 2016, is despatched to all shareholders not later than 14 days before the scheduled AGM date. Shareholders are invited to attend the general meetings to put forth any questions they may have on the motions to be debated and decided upon. All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company conducted poll voting for all resolutions tabled at the general meetings. The rules, including the voting process, were explained by the scrutineers at such general meetings.</p>

CORPORATE GOVERNANCE

14.3	Companies should allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.	<p>Currently, the Constitution of the Company allows all shareholders (members) to appoint up to two proxies to attend general meeting and vote on their behalf.</p> <p>On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as “relevant intermediary” to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.</p>
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SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Communication with Shareholders

15.2 15.3 15.4	<p>(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?</p> <p>(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?</p> <p>(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?</p>	<p>The Company does not practice selective disclosure. In line with continuous disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act, the Board's policy is that all shareholders should be equally and timely informed of all major developments that impact the Group.</p> <p>Information will first be disseminated through SGXNET and where relevant, followed by news release and the Company's website. The Company will also make announcements from time to time to update investors and shareholders on developments that are of interest to them. The Company strives to supply shareholders with reliable and timely information so as to strengthen the relationship with its shareholders based on trust and accessibility.</p> <p>No, the Company's investor relations function is led by CFO who has the strategic management responsibility to integrate finance, accounting, corporate communication to enable effective communication between the Company and all shareholders, stakeholders, analysts and media.</p> <p>Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website. The Company have procedures in place for responding to investors' queries.</p>
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CORPORATE GOVERNANCE

15.5	Does the Company have a dividend policy?	<p>In the Company's Offer Document dated 7 January 2016 ("Offer Document"), the Company stated that it does not have a fixed dividend policy.</p> <p>The Company may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but the Company may not pay dividends in excess of the amount recommended by our Directors. The declaration and payment of dividends will be determined at the sole discretion of our Directors subject to the approval of our Shareholders. The Company's Directors may also declare an interim dividend without the approval of our Shareholders.</p> <p>In considering the amount of dividends declared, the Company will take into account the following factors:</p> <ul style="list-style-type: none"> (a) our financial position, results of operations and cash flow; (b) the ability of our subsidiaries to make dividends payments to our Company; (c) our expected working capital requirements to support our Group's future growth; (d) our actual and projected financial performance; (e) general economic conditions and such other external factors that our Directors believe to have an impact on the business operations of our Group; and (f) any other factors deemed relevant by our Directors at the material time.
	Is the Company is paying dividends for the financial year? If not, please explain why.	The Board has not declared or recommended any dividend for FY2016, as the Company was not profitable for FY2016.

CONDUCT OF SHAREHOLDER MEETINGS

16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	<p>The Company's Constitution allows all shareholders to appoint proxies to attend general meeting and vote on their behalf. As the authentication of shareholder identity information and other related security issues still remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax.</p> <p>The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless of exigencies. The EA is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.</p> <p>All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting.</p> <p>All minutes of general meetings will made available to shareholders upon their request.</p>
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CORPORATE GOVERNANCE

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	Rule Description	Company's Compliance or Explanation
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance to the Catalist Rules 712 and 715 of the Catalist Rules in the appointment of its auditors.
1204(8)	Material Contracts	There were no material contracts entered into by the Group involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2016 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	<p>The Board and the ARC are of the opinion that the internal controls are adequate to address the financial, operational and compliance risks based on the following:</p> <ul style="list-style-type: none"> • internal controls and the risk management system established by the Company; • work performed by the IA and EA; • assurance from the CEO and CFO; and • reviews done by the various Board Committees and key management personnel.
1204(17)	Interested Persons Transaction ("IPT")	<p>The Group has procedures governing all IPT to ensure that they are properly documented and reported on a timely manner to the ARC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.</p> <p>Other than the IPT as disclosed on pages 168 to 172 of the Company's Offer Document there were no new IPT which were more than S\$100,000 entered into during FY 2016.</p> <p>The Company will be seeking renewal of general shareholders' mandate for recurrent IPT pursuant to Rule 920 of the Catalist Rule at the forthcoming AGM.</p>
1204(19)	Dealing in Securities	<p>The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information.</p> <p>The Company, its Directors and officers are also discouraged from dealing in the Company's securities on short term considerations and are prohibited from dealing in the Company's securities during the period beginning one month before the announcement of the Company's half-year and full-year financial statements respectively, and ending on the date of the announcement of the relevant results.</p>
1204(21)	Non-sponsor fees	No fees relating to non-sponsor services was paid to its sponsor, UOB Kay Hian Private Limited, during FY2016.

CORPORATE GOVERNANCE

1204(22)	Use of IPO Proceeds	<p>Pursuant to the company's IPO, the Company received net proceeds from the IPO of approximately S\$4.1 million (the "Net Proceeds"). Please refer to the Offer Document for further details. As at 28 February 2017, the Net Proceeds have been utilized as follows:</p> <table border="1" data-bbox="707 595 1436 963"> <thead> <tr> <th></th> <th style="text-align: center;">Amount Allocated (S\$'000)</th> <th style="text-align: center;">Net Proceeds utilized (S\$'000)</th> <th style="text-align: center;">Balance of Net Proceeds (S\$'000)</th> </tr> </thead> <tbody> <tr> <td colspan="4"><u>Purpose</u></td> </tr> <tr> <td>Expansion of dishware washing operations</td> <td style="text-align: center;">2,500</td> <td style="text-align: center;">(2,500)</td> <td style="text-align: center;">–</td> </tr> <tr> <td>General working capital</td> <td style="text-align: center;">1,590</td> <td style="text-align: center;">(1,590)</td> <td style="text-align: center;">–</td> </tr> <tr> <td></td> <td style="text-align: center;">4,090</td> <td style="text-align: center;">(4,090)</td> <td style="text-align: center;">–</td> </tr> </tbody> </table> <p>As at 11 August 2016, the Company has utilized S\$1.7 million for the renovation of 8 Loyang Way 4 and another S\$0.8 million to purchase of new machinery for the expansion of the Group's dishware washing operations.</p> <p>The Company has also utilized S\$1.6 million as general working capital for one of its operating subsidiaries due to an increase in operating costs in line with higher sales volume.</p> <p>The above utilisation is in accordance with the intended use of proceeds from the IPO as stated in the Offer Document.</p>		Amount Allocated (S\$'000)	Net Proceeds utilized (S\$'000)	Balance of Net Proceeds (S\$'000)	<u>Purpose</u>				Expansion of dishware washing operations	2,500	(2,500)	–	General working capital	1,590	(1,590)	–		4,090	(4,090)	–					
	Amount Allocated (S\$'000)	Net Proceeds utilized (S\$'000)	Balance of Net Proceeds (S\$'000)																								
<u>Purpose</u>																											
Expansion of dishware washing operations	2,500	(2,500)	–																								
General working capital	1,590	(1,590)	–																								
	4,090	(4,090)	–																								
1204(22)	Use of Proceeds from Placement	<p>As disclosing in Placing Announcement, on 30 June 2016, the net proceeds raised by the Company from the placement of 8,000,000 new ordinary shares which amounted to S\$2.25 million. As at 28 February 2017, the net proceeds have been utilised as follows:–</p> <table border="1" data-bbox="707 1574 1436 2083"> <thead> <tr> <th></th> <th style="text-align: center;">Amount Allocated (S\$'000)</th> <th style="text-align: center;">Reallocation of the use of net proceeds (S\$'000)</th> <th style="text-align: center;">net proceeds utilized (S\$'000)</th> <th style="text-align: center;">Balance of net proceeds (S\$'000)</th> </tr> </thead> <tbody> <tr> <td colspan="5"><u>Purpose</u></td> </tr> <tr> <td>Expansion of the Group's dishware washing operations in the hospitality industry</td> <td style="text-align: center;">1,575</td> <td style="text-align: center;">(863)</td> <td style="text-align: center;">(712)</td> <td style="text-align: center;">–</td> </tr> <tr> <td>General working capital</td> <td style="text-align: center;">675</td> <td style="text-align: center;">863</td> <td style="text-align: center;">(1,538)</td> <td style="text-align: center;">–</td> </tr> <tr> <td></td> <td style="text-align: center;">2,250</td> <td style="text-align: center;">–</td> <td style="text-align: center;">(2,250)</td> <td style="text-align: center;">–</td> </tr> </tbody> </table>		Amount Allocated (S\$'000)	Reallocation of the use of net proceeds (S\$'000)	net proceeds utilized (S\$'000)	Balance of net proceeds (S\$'000)	<u>Purpose</u>					Expansion of the Group's dishware washing operations in the hospitality industry	1,575	(863)	(712)	–	General working capital	675	863	(1,538)	–		2,250	–	(2,250)	–
	Amount Allocated (S\$'000)	Reallocation of the use of net proceeds (S\$'000)	net proceeds utilized (S\$'000)	Balance of net proceeds (S\$'000)																							
<u>Purpose</u>																											
Expansion of the Group's dishware washing operations in the hospitality industry	1,575	(863)	(712)	–																							
General working capital	675	863	(1,538)	–																							
	2,250	–	(2,250)	–																							

CORPORATE GOVERNANCE

		<p>As at 28 February 2017, the Company has utilised S\$712,000 for the expansion of the Group's dishware washing operations in the hospitality industry.</p> <p>The Company has also utilised S\$1.5 million as general working capital consists of directors' fee, staff salaries and related expenses as well as trade and non-trade payments. The utilisations is not in accordance of the stated use as disclosed in the Placing Announcement, on 15 June 2016. As at 28 February 2017, the Company has provided an update on the use of the net proceeds raised from the placement of 8,000,000 ordinary shares which amounted to S\$2.25 million.</p> <p>In the best interests of the Company and its shareholders to strengthen the working capital of the Group, S\$863,000 of the Net Proceeds initially allocated for expansion of the Group's dishware washing operations in the hospitality industry was reallocated to general working capital purposes, due to an increase in operating costs in line with higher sales volume.</p>
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DIRECTORS' STATEMENT

The directors hereby present their statement to the members together with the audited consolidated financial statements of GS Holdings Limited and its subsidiaries (the "Group") for the financial year ended 31 December 2016 and the statement of financial position and statement of changes in equity of GS Holdings Limited (the "Company") for the financial year ended 31 December 2016.

In the opinion of the directors:

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 53 to 94 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 2016 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 and Financial Reporting Standards in Singapore; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Pang Pok
 Foo Sek Kuan Kenneth
 Chua Kern
 Chow Kek Tong
 Lee Dah Khang (Appointed on 1 July 2016)
 Lee Sai Sing (Appointed on 3 March 2017)

Arrangement to enable directors to acquire benefits

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.

Directors' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and related companies as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Cap 50 (the "Act"), except as follows:

Name of directors	Number of ordinary shares Shareholdings registered in the name of directors	
	At 1.1.2016	At 31.12.2016
The Company		
Pang Pok	84,200,000	84,200,000

There was no change in the above-mentioned interest in the Company between the end of the financial year and 21 January 2017.

DIRECTORS' STATEMENT

Directors' interest in shares or debentures (Continued)

By virtue of Section 7 of the Companies Act, Pang Pok is deemed to have an interest in the shares held by the Company in its subsidiaries.

Share options

The GS Holdings Employee Share Option Scheme (the "GS Holdings ESOS") as well as a performance share plan known as the GS Holdings Performance Share Plan were approved and adopted by the members at the Shareholders' meeting held on 17 December 2015.

Remuneration committee administering the Scheme comprise three directors, Chow Kek Tong, Lee Dah Khang and Chua Kern. The Chairman of the Remuneration Committee is Chow Kek Tong.

Information regarding the GS Holdings ESOS is set out below:

- (a) The exercise price of the options is determined by Market Price equal to the average of the last dealt prices for a Share on the Official List of the SGX-ST for the five (5) consecutive market days immediately preceding the date on which an offer to grant an option is made or at a discount to the Market Price (subject to a maximum discount of 20%);
- (b) The options vest 12 months after the grant date and expire ten years after vesting date unless cancelled or lapsed prior to that date.

The options are exercisable from 18 January 2016 and expire on 17 January 2026 at exercise price \$1.

There were no unissued shares of the Company or its subsidiary corporations under options granted by the Company or its subsidiary corporations as at the end of the financial year.

GS Holdings Limited performance share plan

The GS Holdings Performance Share Plan (the "GS Holdings PSP") was adopted by the key senior management, senior executives and non-executive directors of the Company on 17 December 2015. The GS Holdings PSP contemplates the award of fully paid shares free of charge to participants after pre-determined performance or service conditions are accomplished. Awards granted under the GS Holdings PSP will be principally performance-based, incorporating an element of stretched targets for senior executives and significantly stretched targets for key senior management and non-executive directors aimed at delivering long-term shareholder value.

The extension of the GS Holdings PSP to executive directors and employees of the Group and associated companies, including those who are Controlling Shareholders and their Associates and non-executive directors (including our Independent Directors) of the Group allows the Group to have a fair and equitable system to reward directors and employees who have made and who continue to make significant contributions to the long-term growth of the Group.

The GS Holdings PSP is administered by the Remuneration Committee of the Company. A member of our Remuneration Committee who is also a participant of the GS Holdings PSP will not be involved in its deliberation in respect of awards granted or to be granted to him. The GS Holdings PSP shall continue in operation for a maximum period of 10 years commencing on the date on which the GS Holdings PSP is adopted, provided that the GS Holdings PSP may continue beyond the above stipulated period with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

DIRECTORS' STATEMENT

GS Holdings Limited performance share plan (Continued)

The total number of shares which may be issued or transferred pursuant to the awards granted under the GS Holdings PSP, when added to (i) the number of shares issued or issuable and/or transferred or transferrable in respect of all awards granted thereunder; and (ii) all shares issued or issuable and/or transferred or transferrable under any other share incentive schemes adopted by the Company for the time being in force, shall not exceed 15% of the total issued share capital of the Company on the day preceding the relevant award date.

Since the commencement of the GS Holdings PSP, the Company has not granted any awards under the GS Holdings PSP.

Audit and Risk Committee

The Audit and Risk Committee comprises three members, who are all independent directors. The members of the Audit and Risk Committee for the financial year are:

Lee Dah Khang (Chairman)	(Appointed on 1 July 2016)
Chua Kern	
Chow Kek Tong	
Kek Sin Shen Steve	(Resigned on 30 June 2016)

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Companies Act and performed the following functions:

- (a) assist Board in the discharge of its responsibilities on financial reporting matters;
- (b) review, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls including financial operational and compliance controls and risk management, their management letter and our management's response, and results of audits compiled by internal and external auditors;
- (c) review the interim and annual financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with financial reporting standards as well as compliance with the Catalist Rule and any other statutory/regulatory requirements;
- (d) review the effectiveness and adequacy of our internal control and procedures, addressing financial, operational, compliance and information technology risks and ensure co-ordination between our internal and external auditors, and the management, review the assistance given by management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);
- (e) review the scope and results of the external audit, and the independence and objectivity of the external auditors;
- (f) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;
- (g) make recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

DIRECTORS' STATEMENT

Audit and Risk Committee (Continued)

- (h) review significant financial reporting issues and judgments with the Chief Financial Officer and the external auditors so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before submission to Board of Directors;
- (i) to review and report to the Board at least annually the adequacy and effectiveness of the Group's material internal controls with the Chief Financial Officer and the internal and external auditors, including financial, operation, compliance and information technology controls via reviews carried out by the internal auditors;
- (j) review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);
- (k) review any potential conflicts of interest;
- (l) review and approve all hedging policies and instruments (if any) to be implemented by the Group;
- (m) undertake such other reviews and projects as may be requested by Board and report to Board its findings from time to time on matters arising and requiring the attention of Audit and Risk Committee;
- (n) review and establish procedures for receipt, retention and treatment of complaints received by the Group such as criminal offences involving our Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group;
- (o) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position; and
- (p) generally to undertake such other functions and duties as may be required by statute or the Catalist Rule, and by such amendments made thereto from time to time.

The Audit and Risk Committee is satisfied with the independence and objectivity of the independent auditors and has recommended to the Board that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Pang Pok
Director

Foo Sek Kuan Kenneth
Director

31 March 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of GS Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 53 to 94, which comprise the statements of financial position of the Group and Company as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company 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 *Auditor's 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 (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Valuation of investment properties

Refer to Note 13 to the consolidated financial statements.

The carrying values of investment properties ("IP") amounted to \$4,791,324 and represented 22% of the Group's total assets as at 31 December 2016. These investment properties are stated at their fair values based on independent professional valuations.

The valuation of investment property requires significant judgement and estimation. There is a risk that the investment properties may not be fairly stated if the valuation methodologies adopted and the key assumptions applied by the independent professional valuer ("Valuer") are inappropriate. A small change in the key assumptions applied by the Valuer can have a significant impact on the valuation.

Our procedures to address the key audit matter

We assessed the Group's process for selection of the Valuer, the determination of the scope of work of the Valuer, and the review and acceptance of the valuations reported by the Valuer. We have also read the terms of engagement of the Valuer with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.

We held discussions with the Valuer and considered the valuation methodologies used. We assessed the expected investment yield used in the valuation by comparing them against historical rental rates and negotiation with the current tenant.

We also considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates.

Impairment of property, plant and equipment

Refer to Note 11 to the consolidated financial statements.

The carrying values of property, plant and equipment ("PPE") amounted to \$12,262,039 and represented 57% of the Group's total assets as at 31 December 2016.

PPE are tested for impairment when there are indicators that the carrying amount may not be recoverable. If there are indicators of impairment, the recoverable amount of the PPE is estimated. The deficit between the recoverable amount and carrying amount would be recognised immediately as impairment loss in profit or loss.

The identification of cash generating unit ("CGU"), assessment of indicators of impairment and where such indicators exist, the determination of the recoverable amount of the CGU require judgement. The determination of the recoverable amount when value in use is applicable requires estimates of forecasted revenues, growth rates, profit margins and discount rates.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Impairment of property, plant and equipment (Continued)

Our procedures to address the key audit matter

We assessed the determination of the CGU and the recoverable amount of the CGU based on our understanding of the nature of the Group's business and the economic environment in which its CGU's operate.

We reviewed the CGU's historical performances and held discussions with management to understand their assessment of the future performance of the CGU. This included obtaining an understanding of management's planned strategies around business expansion, revenue stream growth strategies and cost initiatives. We assessed management's estimates applied in the discounted cash flow model based on our knowledge of the CGU's operations, and compared them against historical performance.

We tested the mathematical accuracy of the discounted cash flow model and evaluated the sensitivity of the outcomes by considering downside scenarios against reasonably plausible changes to the key assumptions.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2016 but does not include the financial statements and our auditor's report thereon.

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.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Report on the Audit of the Financial Statements (Continued)

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 control.
- Obtain an understanding of internal control 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 control.
- 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 auditor's report unless law or regulation 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 auditor's report is Ong Kian Guan.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$	2015 \$
Revenue	4	9,200,973	6,258,633
Cost of sales		(9,278,803)	(6,133,558)
Gross (loss)/profit		(77,830)	125,075
Other income	5	2,144,902	1,200,657
Administrative expenses		(3,574,310)	(3,246,837)
Finance costs	6	(433,432)	(177,923)
Loss before tax	7	(1,940,670)	(2,099,028)
Tax expense	9	(10,612)	(58,164)
Loss and total comprehensive loss for the financial year		(1,951,282)	(2,157,192)
Loss and total comprehensive loss for the year attributable to			
Equity holders of the Company		(1,913,332)	(2,157,192)
Non-controlling interests		(37,950)	–
		(1,951,282)	(2,157,192)
Loss per share for loss attributable to equity holders of the Company (cents per share)			
Basic and diluted	10	(1.51)	(2.16)

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

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2016

	Note	Group		Company	
		2016 \$	2015 \$	2016 \$	2015 \$
Non-current assets					
Property, plant and equipment	11	12,262,039	8,817,010	253	–
Investment in subsidiaries	12	–	–	13,071,216	9,071,216
Investment properties	13	4,791,324	4,775,000	–	–
Total non-current assets		17,053,363	13,592,010	13,071,469	9,071,216
Current assets					
Inventories	14	117,121	3,000	–	–
Trade and other receivables	15	3,341,074	2,214,374	2,854,008	376,740
Cash and cash equivalents	16	1,065,165	1,081,371	230,299	1,603
Total current assets		4,523,360	3,298,745	3,084,307	378,343
Total assets		21,576,723	16,890,755	16,155,776	9,449,559
Non-current liabilities					
Loans and borrowings	17	8,349,306	9,919,650	–	–
Other payables	18	–	1,000,000	–	1,000,000
Total non-current liabilities		8,349,306	10,919,650	–	1,000,000
Current liabilities					
Trade and other payables	18	2,421,245	1,537,395	5,185,883	6,061,239
Loans and borrowings	17	3,847,072	3,254,494	–	–
Tax payable		–	107,698	–	–
Total current liabilities		6,268,317	4,899,587	5,185,883	6,061,239
Total liabilities		14,617,623	15,819,237	5,185,883	7,061,239
Net assets		6,959,100	1,071,518	10,969,893	2,388,320
Equity					
Share capital	19	11,498,420	3,704,556	11,498,420	3,704,556
(Accumulated losses)/retained earnings		(1,393,849)	519,483	(528,527)	(1,316,236)
Asset revaluation reserve		2,918,693	2,918,693	–	–
Merger reserve		(6,071,214)	(6,071,214)	–	–
Equity attributable to equity holders of the Company, total		6,952,050	1,071,518	10,969,893	2,388,320
Non-controlling interests		7,050	–	–	–
Total equity		6,959,100	1,071,518	10,969,893	2,388,320

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Share capital \$	(Accumulated losses)/ Retained earnings \$	Asset revaluation reserve \$	Merger reserve \$	Total attributable to owners of the Company \$	Non controlling interests \$	Total equity \$
Group 2016								
At 1 January 2016		3,704,556	519,483	2,918,693	(6,071,214)	1,071,518	-	1,071,518
Loss and total comprehensive loss for the year		-	(1,913,332)			(1,913,332)	(37,950)	(1,951,282)
Issuance of ordinary shares	19	8,280,000	-	-	-	8,280,000	-	8,280,000
Capitalisation of share issuance expenses	19	(486,136)	-	-	-	(486,136)	-	(486,136)
		7,793,864	-	-	-	7,793,864	-	7,793,864
Incorporation of subsidiary		-	-	-	-	-	45,000	45,000
At 31 December 2016		11,498,420	(1,393,849)	2,918,693	(6,071,214)	6,952,050	7,050	6,959,100

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Share capital \$	Retained earnings \$	Asset revaluation reserve \$	Merger reserve \$	Total equity
Group						
2015						
At 1 January 2015		3,000,003	2,676,675	2,918,693	–	8,595,371
Loss and total comprehensive loss for the year		–	(2,157,192)	–	–	(2,157,192)
Issuance of ordinary shares pursuant to the Restructuring Exercise	19	1,354,555	–	–	–	1,354,555
Conversion of convertible loan	19	2,350,000	–	–	–	2,350,000
Adjustments pursuant to the Restructuring Exercise	19	(3,000,002)	–	–	(6,071,214)	(9,071,216)
		704,553	–	–	(6,071,214)	(5,366,661)
At 31 December 2015		3,704,556	519,483	2,918,693	(6,071,214)	1,071,518

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Share capital \$	Accumulated losses \$	Total equity \$
Company				
2016				
At 1 January 2016		3,704,556	(1,316,236)	2,388,320
Issuance of ordinary shares	19	8,280,000	–	8,280,000
Capitalisation of share issuance expenses	19	(486,136)	–	(486,136)
		7,793,864	–	7,793,864
Profit and total comprehensive loss for the year		–	787,709	787,709
At 31 December 2016		11,498,420	(528,527)	10,969,893
Company				
2015				
Issuance of shares on 19 September 2014 (date of incorporation)	19	1	–	1
Issuance of ordinary shares pursuant to the Restructuring Exercise	19	1,354,555	–	1,354,555
Conversion of convertible loan	19	2,350,000	–	2,350,000
		3,704,555	–	3,704,555
Loss and total comprehensive loss for the year		–	(1,316,236)	(1,316,236)
At 31 December 2015		3,704,556	(1,316,236)	2,388,320

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016 \$	2015 \$
Cash flows from operating activities		
Loss before tax	(1,940,670)	(2,099,028)
Adjustments for:		
Amortisation of government grant	(43,671)	–
Depreciation	1,135,181	571,324
Waiver of amount due to a director	(1,000,000)	–
Interest expenses	433,432	177,923
Loss on disposal of property, plant and equipment	42,788	30,725
Property, plant and equipment written off	3,873	–
Fair value gain on investment properties	(5,000)	(64,386)
IPO expenses	–	1,266,319
Operating cash flows before working capital change	(1,374,067)	(117,123)
Inventories	(114,121)	32,500
Receivables	(1,606,429)	(2,777,534)
Payables	927,521	(862,925)
Cash flows used in operations	(2,167,096)	(3,725,082)
Income tax paid	(124,717)	(135,694)
Net cash used in operating activities	(2,291,813)	(3,860,776)
Cash flow from investing activities		
Purchases of property, plant and equipment	(4,494,171)	(7,629,340)
Proceeds from disposal of property, plant and equipment	13,000	67,230
Additions to investment property	(11,324)	(226,714)
Contributions from non-controlling interests	45,000	–
Net cash used in investing activities	(4,447,495)	(7,788,824)
Cash flow from financing activities		
Decrease in bank deposits pledged	54,983	200,025
Repayment of obligations under finance lease	(213,414)	(188,128)
Proceeds from finance lease	–	279,313
Proceeds from bank borrowings	1,011,324	10,333,007
Repayment of bank borrowings	(1,921,376)	(1,220,321)
Interest expense	(433,432)	(177,923)
Proceeds from issuance of ordinary shares	8,280,000	50,000
Payment of IPO expenses	–	(1,086,260)
Net cash generated from financing activities	6,778,085	8,189,713
Net increase/(decrease) in cash and cash equivalents	38,777	(3,459,887)
Cash and cash equivalents at beginning of the year	1,026,388	4,486,275
Cash and cash equivalents at end of the year (Note 16)	1,065,165	1,026,388

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1 CORPORATE INFORMATION

GS Holdings Limited (the "Company") (Co. Reg. No. 201427862D) is incorporated and domiciled in Singapore and is listed on the Catalist board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The registered office of the Company and principal place of business at 8 Loyang Way 4, Singapore 507604.

The principal activity of the Company is an investment holding company. The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements are presented in Singapore dollar (\$), which is the Company's functional currency. The financial statements have been prepared in accordance with the provisions of the Companies Act and Financial Reporting Standards in Singapore ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires the use of estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3 to the financial statements.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

In the current financial year, the Group has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of these new/revised FRS and INT FRS did not have any material effect on the financial results or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (Continued)

At the end of the reporting period, the following FRS and INT FRS were issued, revised or amended but not effective and which the Group has not early adopted:

FRS 109: Financial Instruments

FRS 115: Revenue from Contracts with Customers

FRS 116: Leases

Amendments to FRS 110 and FRS 28: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to FRS 7: Disclosure Initiative

Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers

Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions

Amendments to FRS 40: Transfers of Investment Property

Amendments to FRS 104: Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts

Improvements to FRSs (December 2016)

INT FRS 122: Foreign Currency Transactions and Advance Consideration

The Group anticipates that the adoption of these FRSs and INT FRSs (where applicable) in future periods will have no material impact on the financial statements of the Company and the consolidated financial statements of the Group, except as disclosed below:

FRS 115 Revenue from Contracts with Customers

FRS 115 replaces FRS 18 'Revenue', FRS 11 'Construction contracts' and other revenue related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. FRS 115 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in FRS 115 by applying a 5-step approach.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 includes disclosure requirements that will result in disclosure of comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Management will reassess its contracts with customers in accordance with FRS 115.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (Continued)

FRS 116 Leases

FRS 116 replaces the existing FRS 17: *Leases*. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statement of financial position to reflect their rights to use leased assets (a “right-of-use” asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. The accounting for lessors will not change significantly.

The standard is effective for annual periods beginning on or after 1 January 2019. The Group will assess the potential impact of FRS 116 and plans to adopt the standard on the required effective date.

Convergence with International Financial Reporting Standards (IFRS)

The Accounting Standards Council (“ASC”) announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange (“SGX”) will be required to apply a new financial reporting framework identical to the International Financial Reporting Standards (full IFRS convergence) in 2018. The Group will adopt the new financial reporting framework on 1 January 2018.

b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting date. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. Under this method, the Company has been treated as the holding company of the subsidiaries as if the combination had occurred from the date the subsidiaries first came under the control of the same shareholders. Accordingly, the results of the Group include the results of the subsidiaries for the entire periods under review. Such manner of presentation reflects the economic substance of the companies, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidiary relationships were not established.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of consolidation (Continued)

Pursuant to this:

- Assets and liabilities are reflected at their existing carrying amounts;
- No adjustments are made to reflect the fair values on the date of combination or recognise any new assets or liabilities;
- No additional goodwill is recognised as a result of the combination;
- Prior to the issue of shares by the Company, the aggregate equity of the subsidiaries held directly by the Company is shown as the Group's equity for financial years under review; and
- Any difference between the consideration paid by the Company and the equity 'acquired' is reflected within the equity of the Group as merger reserve.

All other business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquirers net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

d) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated on a straight line basis to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives. The estimated useful lives are as follows:

	<u>Years</u>
Leasehold property	38
Vehicles	2 – 9
Machineries and equipment	3 – 6
Furniture and fittings	3
Crockeries	3
Renovations	3 – 10

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Investment properties

Investment properties are properties that are either owned by the Group that are held to earn rentals or for capital appreciation, or both, rather than for use in the supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially measured at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

f) Impairment of non-financial assets

At each reporting date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Financial assets

Classification

The Group classifies its financial assets according to the nature of the assets and purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group's only financial assets are loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables" (excluding GST receivables and prepayments) and "cash and cash equivalents" on the statements of financial position.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to profit or loss.

Initial measurement

Loans and receivables are initially recognised at fair value plus transaction costs.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Financial assets (Continued)

Offset

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

h) Cash and cash equivalents

For the purposes of presentation in the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value.

i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

j) Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for the financial guarantees) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences. A financial liability is derecognised when the obligation under the liability is extinguished.

k) Convertible loans

Convertible loans that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Convertible loans (Continued)

At initial recognition, the liability component of the convertible loans is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the convertible loan equity reserve until either the loan is converted or redeemed, and net of any tax effects.

If the loan is converted, the convertible loan equity reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the loan is redeemed, the convertible loan equity reserve is released directly to accumulated losses.

l) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and that the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

m) Share capital

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

n) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services, net of goods and services tax, rebates and discounts. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity, and the amount of revenue and related cost can be reliably measured.

Rendering of services

Revenue from cleaning services is recognised when services are rendered.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Revenue recognition (Continued)

Sale of equipment and crockeries

Revenue from sales of equipment is recognised when the Group has delivered the goods to the customer and significant risks and rewards of ownership of the goods have been passed to the customer.

Rental income

Rental income from operating leases are recognised on a straight-line basis over the lease term.

o) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

p) Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

q) Leases

When a Group entity is the lessee:

Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the outstanding liability and finance costs. The corresponding lease obligations, net of finance costs, are included in loans and borrowings. The finance cost is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The asset acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Leases (Continued)

Operating leases

Leases where a significant portion of the risks and rewards incidental to 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 period of the lease.

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

When a Group entity is the lessor:

Operating leases

Leases where the Group entity retains substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

r) Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

s) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

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

Deferred income tax is provided using the liability method, on all temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the reporting date.

Deferred income tax is measured based on the tax consequence that will follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

u) Functional and foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the "functional currency"). The financial statements of the Group and the Company are presented in Singapore dollar, which is the Company's functional currency.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

v) Dividend

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders.

w) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt in the subsequent paragraphs).

Going concern

The Group incurred a net loss from operations of \$1,951,282 (2015: \$2,157,192) and reported net cash outflows from operating activities of \$2,291,813 (2015: \$3,860,776). At 31 December 2016, the Group's and Company's current liabilities exceeded the current assets by \$1,744,957 (2015: \$1,600,842) and \$2,101,576 (2015: \$5,682,896) respectively. These factors indicate the existence of material uncertainty that may cast doubt on the Group's and Company's ability to continue as going concerns and to realise its assets and discharge its liabilities in the ordinary course of business.

The directors are satisfied that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2016 is appropriate after taking into consideration the following factors:

- (i) The continuing financial support from the major shareholder in the form of an interest-free loan of up to S\$3,000,000 pursuant to the Loan Undertaking (as defined in the Company's Offer Document 7 January 2016) for its working capital requirements or any other purpose which the Company may deem fit. Subsequent to the end of the financial year, the shareholder has provided interest free loans amounting to \$580,000 to the Group for working capital purposes;
- (ii) In March 2017, the Group has obtained and drawn down additional bank borrowings amounting to approximately \$950,000 to meet its working capital requirements;
- (iii) The Group is able to improve its cash flows generated from its operations based on the Group's current business outlook.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical judgements in applying the entity's accounting policies (Continued)

Going concern (Continued)

Management has taken the following measures to improve the Group's operational performance and financial position:

- (i) Adopting a disciplined capital allocation and constantly review capital expenditure plans thoroughly as to manage a balanced project portfolio to mitigate risks and optimise profitability for all existing projects;
- (ii) Strengthening current customers' base with new customers in other food and beverage sector, and strengthen customer relationship by providing quality services to customers;
- (iii) Continuously seek improvements in the efficiency of the Group's centralised dishwashing process through enhancements and re-engineering of the workflow process;
- (iv) Focusing on reduction of direct labour related costs through close monitoring of the Group's manpower requirements.

After considering the measures taken described above, the directors believe that they have adequate resources to continue its operations as a going concern.

For these reasons, the financial statements have been prepared on the assumptions that the Group will continue as going concerns. The financial statements did not include any adjustments that may result in the event that the Group is unable to continue as a going concern. In the event that the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities.

Key sources of estimation uncertainty

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

Impairment of property, plant and equipment

The Group assesses whether there are any indicators of impairment for property, plant and equipment at each reporting date. Property, plant and equipment are tested for impairment when there are indicators that the carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The carrying amount of property, plant and equipment and impairment assessment are disclosed in Note 11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Valuation of investment properties

The Group's investment properties are stated at estimated fair values based on the valuation performed by independent firm of professional valuers. In determining fair values, the valuers have based their valuation on methods of valuation which involves certain estimates, including comparison with sale transactions of similar properties and expected future income stream to be achieved from the property. The valuation methodologies, significant inputs used and details of the properties are disclosed in Note 13 to the financial statements. As at 31 December 2016, the carrying amount of investment properties is \$4,791,324 (2015: \$4,775,000).

Impairment of investment in subsidiaries

At each reporting date, an assessment is made on whether there are indications that the investment in subsidiaries are impaired. An impairment exists when the carrying value of the investment exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The value in use calculation uses discounted cash flow projections which take into account management's estimation of revenue growth, gross profit margin and a pre-tax discount rate based on industry average weighted-average cost of capital. The Company's carrying amount of investment in subsidiaries as at 31 December 2016 was \$13,071,216 (2015: \$9,071,216) as disclosed in Note 12 to the financial statements.

4 REVENUE

	Group	
	2016	2015
	\$	\$
Sales of equipment and crockeries	464,237	138,630
Service income	8,736,736	6,120,003
	<u>9,200,973</u>	<u>6,258,633</u>

5 OTHER INCOME

	Group	
	2016	2015
	\$	\$
Fair value gain on investment properties (Note 13)	5,000	64,386
Waiver of amount due to a director (Note 18)	1,000,000	–
Government grants	531,149	446,862
Rental income	600,000	600,000
Others	8,753	89,409
	<u>2,144,902</u>	<u>1,200,657</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

6 FINANCE COSTS

	Group	
	2016	2015
	\$	\$
Interest expense:		
– finance lease	22,165	22,962
– term loans	411,267	154,961
	433,432	177,923

7 LOSS BEFORE TAX

	Group	
	2016	2015
	\$	\$
This is arrived at after charging:		
Auditors' remuneration paid/payable to the auditor of the Company	80,000	95,961
Non-audit services paid/payable to the auditor of the Company	47,700	–
Depreciation of property, plant and equipment	1,135,181	571,324
Director fees	163,000	14,292
Loss on disposal of property, plant and equipment	42,788	30,725
Rental expense	611,591	520,169
Personnel expenses (Note 8)	6,508,246	5,028,438
Property, plant and equipment written off	3,873	–
Subcontractor expenses	647,404	284,394

8 PERSONNEL EXPENSES

	Group	
	2016	2015
	\$	\$
Staff costs:		
– Salaries and bonus	6,008,277	4,655,030
– Defined contribution plans	499,969	373,408
	6,508,246	5,028,438

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

9 TAX EXPENSE

	Group	
	2016	2015
	\$	\$
Income tax		
– Current year	–	53,849
– Under provision in prior years	10,612	4,315
	10,612	58,164

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the Singapore statutory rate of income tax due to the following factors:

	Group	
	2016	2015
	\$	\$
Loss before tax:	(1,940,670)	(2,099,028)
Tax calculated at a tax rate of 17%	(329,913)	(356,835)
Statutory stepped income exemption	(64,468)	(16,584)
Effect of tax incentive	–	(21,077)
Expenses not deductible for tax purposes	131,328	236,774
Income not subject to tax	(231,058)	(30,928)
Under provision of taxation in prior years	10,612	4,315
Utilisation of previously unrecognised tax losses	(6,873)	(2,377)
Deferred tax assets not recognised for the year	533,927	244,876
Others	(32,943)	–
	10,612	58,164

At 31 December 2016, the Group has unrecognised unutilised tax losses, unutilised capital allowances and deferred capital allowances of approximately \$6,188,000 (2015: \$3,172,000), \$577,000 (2015: \$449,000) and \$222,000 (2015: \$265,000) available for carry forward to set off against future taxable profits subject to agreement by the tax authority and compliance with relevant provisions of the Singapore Income Tax Act. Deferred tax assets have not been recognised on these unutilised tax losses and capital allowances in the financial statements as it is not probable that future taxable income will be sufficient to allow the unutilised tax losses to be realised.

10 EARNINGS PER SHARE

The calculation of earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Group	
	2016	2015
	\$	\$
Loss attributable to equity holders of the Company	(1,913,332)	(2,157,192)
Weighted average number of ordinary shares	126,928,962	100,000,000
Loss per share (cents per share)		
– Basic and diluted	(1.51)	(2.16)

The Company did not hold any potential dilutive ordinary shares during the financial year (2015: \$Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11 PROPERTY, PLANT AND EQUIPMENT

	Leasehold property \$	Vehicles \$	Machineries and equipment \$	Furniture and fittings \$	Crockeries \$	Renovations \$	Total \$
Group							
2016							
Cost							
At 1.1.2016	7,204,600	359,075	1,694,647	973,252	165,311	–	10,396,885
Additions	998,600	153,586	1,578,764	43,440	649,372	1,216,109	4,639,871
Disposals	–	–	(5,750)	(37,011)	–	(177,401)	(220,162)
Write off	–	(11,800)	(7,366)	(1,133)	–	(1,275)	(21,574)
At 31.12.2016	<u>8,203,200</u>	<u>500,861</u>	<u>3,260,295</u>	<u>978,548</u>	<u>814,683</u>	<u>1,037,433</u>	<u>14,795,020</u>
Accumulated depreciation							
At 1.1.2016	–	59,790	690,495	786,380	43,210	–	1,579,875
Depreciation charge	181,486	52,366	538,811	81,490	131,448	149,580	1,135,181
Disposals	–	–	(5,750)	(30,803)	–	(127,821)	(164,374)
Write off	–	(11,800)	(3,848)	(911)	–	(1,142)	(17,701)
At 31.12.2016	<u>181,486</u>	<u>100,356</u>	<u>1,219,708</u>	<u>836,156</u>	<u>174,658</u>	<u>20,617</u>	<u>2,532,981</u>
Net carrying value							
At 31.12.2016	<u>8,021,714</u>	<u>400,505</u>	<u>2,040,587</u>	<u>142,392</u>	<u>640,025</u>	<u>1,016,816</u>	<u>12,262,039</u>
2015							
Cost							
At 1.1.2015	–	351,438	1,338,032	883,440	99,847	–	2,672,757
Additions	7,204,600	113,787	410,864	94,812	65,464	–	7,889,527
Disposals	–	(106,150)	(54,249)	(5,000)	–	–	(165,399)
At 31.12.2015	<u>7,204,600</u>	<u>359,075</u>	<u>1,694,647</u>	<u>973,252</u>	<u>165,311</u>	<u>–</u>	<u>10,396,885</u>
Accumulated depreciation							
At 1.1.2015	–	49,601	359,767	660,383	6,244	–	1,075,995
Depreciation charge	–	41,737	366,485	126,136	36,966	–	571,324
Disposals	–	(31,548)	(35,757)	(139)	–	–	(67,444)
At 31.12.2015	<u>–</u>	<u>59,790</u>	<u>690,495</u>	<u>786,380</u>	<u>43,210</u>	<u>–</u>	<u>1,579,875</u>
Net carrying value							
At 31.12.2015	<u>7,204,600</u>	<u>299,285</u>	<u>1,004,152</u>	<u>186,872</u>	<u>122,101</u>	<u>–</u>	<u>8,817,010</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture and fittings	
	2016	2015
	\$	\$
Company		
2016		
Cost		
At 1 January	-	-
Additions	350	-
At 31 December	350	-
Accumulated depreciation		
At 1 January	-	-
Depreciation charge	97	-
At 31 December	97	-
Net carrying value		
At 31 December	253	-

- (i) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$4,639,871 (2015: \$7,889,527) of which \$145,700 (2015: \$260,187) was financed by means of finance leases.

In 2015, cash payments of \$7,629,340 were made to purchase property, plant and equipment of which \$5,600,000 was financed by bank borrowings.

- (ii) The carrying amount of machineries, equipment and vehicles held under finance leases at the end of the reporting period were \$752,731 (2015: \$795,387).

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

- (iii) In addition to assets held under finance leases, the Group's leasehold property with a carrying amount of \$8,021,714 (2015: \$7,204,600) are mortgaged to secure the Group's bank loans (Note 17).

- (iv) At the reporting date, the Group continues to operate at a loss. As this indicates that the Group's property, plant and equipment may be impaired, an assessment of the recoverable amount of the property, plant and equipment was performed.

The Group had identified Greatsolutions Pte. Ltd. as the CGU. The recoverable amount is determined based on its value in use. The value in use calculation uses discounted cash flow projections which take into account management's assumptions and estimates of revenue growth, gross profit margin and a pre-tax discount rate estimated based on industry average weighted-average cost of capital. Any changes to the assumptions and estimates applied by management would affect the recoverable amount of the assets. Based on the above value in use calculation, no impairment loss need to be recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

12 INVESTMENT IN SUBSIDIARIES

	Company	
	2016	2015
	\$	\$
Unquoted equity shares, at cost		
At 1 January	9,071,216	–
Additions	4,000,000	9,071,216
At 31 December	13,071,216	9,071,216

(i) Details of the subsidiaries are:

Name of subsidiary	Principal place of business	Principal business activities	Proportion of ownership interest	
			2016	2015
			%	%
<i>Held by the Company</i>				
Hawkerway Pte. Ltd.*	Singapore	Letting and operating of food courts, coffee shops and eating house	100	100
GreatSolutions Pte. Ltd.*	Singapore	Dishwashing services and automated cleaning services and solutions	100	100
GS Cleaning Services Pte. Ltd.*	Singapore	Cleaning services and landscape care and maintenance services	100	100
GS Equipment Supply Pte. Ltd.*	Singapore	Sale of dishwashing and other equipment/machinery; and rental of equipment/machinery and tangible goods	100	100
GS Stewarding Services Pte. Ltd. (formerly known as GS Maintenance Services Pte. Ltd.*)	Singapore	Installation of dishwashing machines and other equipment and mechanical engineering works; and repair, servicing and maintenance of dishwashing machines and other equipment	100	100
<i>Held through</i>				
<i>Greatsolutions Pte. Ltd.</i>				
GS Hospitality Services Pte. Ltd.*	Singapore	Cleaning services including hotel-related dishwashing	55	–

* Audited by Baker Tilly TFW LLP.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

12 INVESTMENT IN SUBSIDIARIES (CONTINUED)

- (ii) During the financial year, the Company increased its investment in wholly-owned subsidiary, Greatsolutions Pte. Ltd. ("Greatsolutions") through the capitalisation of the \$4,000,000 owing by Greatsolutions to the Company.
- (iii) During the financial year, the Company through its wholly owned subsidiary, Greatsolutions, incorporated a subsidiary known as GS Hospitality Services Pte. Ltd. with paid-up share capital of \$100. The Company has subscribed 55% of the subsidiary's share capital with \$55 and the remaining share capital was subscribed by third party individuals.
- (iv) At the end of the reporting period, there are no subsidiaries with non-controlling interests that are considered by management to be material to the Group. Accordingly, the summarised financial information of the subsidiaries is not being disclosed.

13 INVESTMENT PROPERTIES

	Group	
	2016	2015
	\$	\$
At 1 January	4,775,000	4,483,900
Addition to investment property	11,324	226,714
Fair value gain recognised in profit or loss	5,000	64,386
At 31 December	<u>4,791,324</u>	<u>4,775,000</u>

The following amounts are recognised in profit or loss:

	Group	
	2016	2015
	\$	\$
Rental income	600,000	600,000
Direct operating expenses arising from an investment property that generated rental income	49,582	44,602
Direct operating expenses arising from an investment property that did not generate rental income	<u>4,455</u>	<u>2,775</u>

Investment properties held by the Group as at 31 December 2016 are as follows:

Properties	Description	Location	Existing use	Tenure
Property 1	A single-storey eating house with mezzanine office	16A Sungei Kadut Way, Singapore 728794	Commercial	Leasehold, 23 years
Property 2	A ramp-up factory unit	7 Mandai Link #03-40 Mandai Connection Singapore 728653	Commercial	Leasehold, 30 years

At 31 December 2016, the fair values of these properties are determined based on the property's highest-and-best-use valuation performed by an independent professional valuer, Permas Valuers & Property Consultants Pte Ltd.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

13 INVESTMENT PROPERTIES (CONTINUED)

Property 1

The Investment Method of valuation was adopted based on the present worth of the expected future income stream in the form of the estimated net profit rental value and capitalised at an appropriate investment yield. This fair value measurement is categorised in the Level 3 of the fair value hierarchy.

Property 2

The Direct Comparison Method of valuation was adopted whereby sale transactions of comparable properties have been taken into consideration with regards to the location, tenure, age, size, floor level, design, layout, condition and standard of finishes amongst other factors. This fair value measurement is categorised in the Level 3 of the fair value hierarchy.

The following table shows the significant unobservable inputs used in the valuation methods:

Description	Fair value \$	Valuation technique	Significant unobservable input	Range
Property 1	4,200,000	Investment method	Discount rate ⁽¹⁾ Rental growth rate ⁽²⁾	4% 4% to 6%
Property 2	591,324	Direct comparison method	Price per square metre ⁽²⁾	\$3,899

(1) Any significant isolated increases/(decreases) in the significant unobservable input would result in a significantly lower/(higher) fair value measurement.

(2) Any significant isolated increases/(decreases) in the significant unobservable input would result in a significantly higher/(lower) fair value measurement.

Properties pledged as security

Investment properties amounting to \$4,791,324 (2015: \$4,775,000) are mortgaged to secure bank borrowings (Note 17).

14 INVENTORIES

	Group	
	2016 \$	2015 \$
Finished goods	117,121	3,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

15 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
Trade receivables				
– third parties	2,630,840	1,039,460	–	–
– related parties	223,439	1,873	–	–
– subsidiaries	–	–	1,135,056	–
	2,854,279	1,041,333	1,135,056	–
Non-trade amounts due from subsidiaries	–	–	1,716,386	99,999
Deposits	246,407	256,876	–	–
GST receivable	–	450,522	–	–
Other receivables	61,944	107,221	–	–
Prepayments	178,444	358,422	2,566	276,741
	486,795	1,173,041	1,718,952	376,740
	3,341,074	2,214,374	2,854,008	376,740

The non-trade amounts due from subsidiaries are interest-free, unsecured and payable on demand.

16 CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
Cash in hand and at bank	1,065,165	1,026,388	230,299	1,603
Pledged bank deposits	–	54,983	–	–
Cash and cash equivalents	1,065,165	1,081,371	230,299	1,603

For the purpose of the cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2016	2015
	\$	\$
Cash and cash equivalents	1,065,165	1,081,371
Less: pledged bank deposits	–	(54,983)
Cash and cash equivalents	1,065,165	1,026,388

In 2015, the bank deposit is pledged to a bank as security for issuance of banker's guarantee for the security deposit for rental of premise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

17 LOANS AND BORROWINGS

	Maturity	Group	
		2016 \$	2015 \$
<i>Non-current</i>			
Loan 1 – SIBOR plus 3.00% p.a.	2018 – 2022	168,404	206,367
Loan 2 – SIBOR plus 3.00% p.a.	2018	331,220	348,616
Loan 4 – 3-month SIBOR plus 3.00% p.a.	2018	90,926	268,032
Loan 5 – 3-month SIBOR plus 4.00% p.a.	2018 – 2019	245,599	567,108
Loan 6 – Bank prevailing enterprise financing rate	2018 – 2036	5,152,961	5,401,346
Loan 7 – 0.88% over the Bank's Business Board Rate	2018	41,766	119,954
Loan 8 – Higher of 3.00% p.a. over 3-month Swap Offer Rate or 3.00% p.a. over the prevailing 3-month Cost of Funds	2018 – 2020	1,872,234	2,450,729
Loan 9 – 0.50% p.a. above the prevailing Bank's Business Instalment Loan Board Rate	2018	27,624	61,772
Obligations under finance lease	2018 – 2022	418,572	495,726
		8,349,306	9,919,650
		Group	
		2016 \$	2015 \$
<i>Current</i>			
Loan 1 – SIBOR plus 3.00% p.a.		37,696	36,223
Loan 2 – SIBOR plus 3.00% p.a.		27,835	22,655
Loan 3 – 2.20% per annum above the 6-month Swap Offer Rate and prevailing 1 or 3-month SIBOR plus 4.00% p.a.		2,200,000	1,600,000
Loan 4 – 3-month SIBOR plus 3.00% p.a.		176,993	172,232
Loan 5 – 3-month SIBOR plus 4.00% p.a.		317,065	410,013
Loan 6 – Bank prevailing enterprise financing rate		225,976	198,615
Loan 7 – 0.88% over the Bank's Business Board Rate		78,189	71,568
Loan 8 – Higher of 3.00% p.a. over applicable 3-month Swap Offer Rate or 3.00% p.a. over the prevailing 3-month Cost of Funds		576,878	549,271
Loan 9 – 0.50% p.a. above the prevailing Bank's Business Instalment Loan Board Rate		34,038	30,955
Obligations under finance lease		172,402	162,962
		3,847,072	3,254,494
		12,196,378	13,174,144

The loans are secured by:

- (i) legal mortgage over the Group's investment properties (Note 13);
- (ii) assignment of rental proceeds and all rights of the tenancy agreements;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

17 LOANS AND BORROWINGS (CONTINUED)

- (iii) legal mortgage over the Group's leasehold property (Note 11);
- (iv) corporate guarantee from holding company;
- (v) personal guarantee from a director of the Group; and
- (vi) legal mortgages over certain personal properties of a director of the Group.

The carrying amounts of the loans determined from discounted cash flow analysis using the market lending rate that the directors expect would be available to the Group at the end of the reporting period are reasonable approximation of fair values as they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period. The fair value measurement for disclosure purposes is categorised as Level 3 of the fair value hierarchy.

Obligations under finance lease

	Minimum lease payments		Present value of minimum lease payments	
	2016	2015	2016	2015
	\$	\$	\$	\$
Group				
Within 1 financial year	194,892	183,420	172,402	162,962
Within 2 to 5 financial years	455,342	515,390	393,032	452,171
After 5 financial years	30,906	53,710	25,540	43,555
Total minimum lease payments	681,140	752,520	590,974	658,688
Less: future finance charges	(90,166)	(93,832)	–	–
	590,974	658,688	590,974	658,688
Representing finance lease liabilities:				
– Current	172,402	162,962		
– Non-current	418,572	495,726		
	590,974	658,688		

The obligations under finance lease bear effective interest rates ranging from 4.25% to 7.19% (2015: 2.99% to 7.19%) per annum respectively. Leased assets are pledged as security for the related lease liabilities (Note 11). A director of the Group and a fellow subsidiary of the Group have provided guarantees for certain of the finance lease liabilities.

Based on the discounted cash flow analysis using market interest rates for similar finance lease agreements at the reporting date, the fair values of finance lease liabilities at the reporting date approximate their carrying amounts as the market interest rate at the reporting date is close to the effective interest rate of the Group's existing finance lease liabilities. This fair value measurement for disclosures purpose is categorised in Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

18 TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
<i>Current liabilities</i>				
Trade payables				
– third parties	491,158	63,648	–	–
Other payables				
– third parties	513,583	243,698	31,137	14,292
– related parties ⁽ⁱ⁾	–	41,704	–	–
– subsidiaries ⁽ⁱ⁾	–	–	4,981,991	5,560,147
Deposit received				
– related party	100,000	100,000	–	–
GST payables	112,951	12,137	17,595	–
Accrued expenses	885,939	1,076,208	155,160	486,800
Deferred revenue	138,699	–	–	–
Deferred capital grant ⁽ⁱⁱ⁾	178,915	–	–	–
	2,421,245	1,537,395	5,185,883	6,061,239
<i>Non-current liabilities</i>				
Other payables				
– Amount due to a director ⁽ⁱⁱⁱ⁾	–	1,000,000	–	1,000,000

(i) The amount due to related parties and subsidiaries are unsecured, interest-free and repayable on demand.

(ii) Deferred capital grants relate to government grants received for acquisition of machineries and equipment for its projects on productivity improvement. There are no unfulfilled conditions or contingencies attached to these grants.

Amortisation charge for the financial year amounted to \$43,671.

(iii) The amount due to a director arose from the restructuring exercise for which the director had executed an undertaking to the Company that in the event the Group incurs an operating loss for its financial results for the financial period from 1 January 2016 to 30 June 2016 ("1H2016"), the director shall forgive the amount in its entirety. If the Group records an operating profit for its audited financial results for the financial year ending 31 December 2016, regardless of whether it incurred an operating loss or recorded an operating profit for its results for 1H2016, the Audit and Risk Committee of the Company shall decide on the repayment terms of the amount.

As the Group has incurred an operating loss for 1H2016 and financial year ended 31 December 2016, the director has forgiven the outstanding amount of \$1,000,000 in its entirety and the amount has been recognised as other income in profit or loss (Note 5).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

19 SHARE CAPITAL

	2016		2015	
	No. of shares		No. of shares	
	'000	\$	'000	\$
Group				
At 1 January	100,000	3,704,556	3,000	3,000,003
Issuance of ordinary shares pursuant to the restructuring exercise	-	-	1	1,354,555
Adjustments pursuant to the restructuring exercise	-	-	(3,000)	(3,000,002)
Sub-division of shares	-	-	84,199	-
Conversion of convertible loan	-	-	15,800	2,350,000
Issuance of ordinary shares pursuant to the initial public offering	24,000	5,513,864	-	-
Issuance of ordinary shares	8,000	2,280,000	-	-
At 31 December	132,000	11,498,420	100,000	3,704,556

	2016		2015	
	No. of shares		No. of shares	
	'000	\$	'000	\$
Company				
At 1 January	100,000	3,704,556	-*	1
Issuance of ordinary shares pursuant to the restructuring exercise	-	-	1	1,354,555
Sub-division of shares	-	-	84,199	-
Conversion of convertible loan	-	-	15,800	2,350,000
Issuance of ordinary shares pursuant to the initial public offering	24,000	5,513,864	-	-
Issuance of ordinary shares	8,000	2,280,000	-	-
At 31 December	132,000	11,498,420	100,000	3,704,556

* Less than 1,000

Pursuant to the Restructuring Agreement dated 8 October 2015, 999 shares were allotted and issued for the acquisition of the Company's subsidiaries. On 17 December 2015, the sole shareholder of the Company approved the sub-division of 1,000 shares in the capital of the Company into 84,200,000 shares.

Pursuant to the convertible loan deed entered into between the Company and certain investors on 2 January 2015, the Company issued \$2,350,000 convertible loan for cash at a coupon rate of 5% per annum to the investors. The investors are entitled to convert the convertible loan into 15.8% in the issued share capital of the Company subsequent to the allotment and issue of the conversion shares. On 17 December 2015, the investors exercised their rights and converted the convertible loan into 15,800,000 shares in the Company.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

19 SHARE CAPITAL (CONTINUED)

The Company issued 24,000,000 placement shares at \$0.25 per share in connection with the listing and raised gross proceeds of \$6,000,000. The net proceeds received from the listing amounted to \$5,513,864, after deducting placement and listing expenses of the Company of \$486,136 paid during financial year end 31 December 2015.

On 30 June 2016, the Company issued 8,000,000 placement shares for a total consideration of \$2,280,000 for cash to provide funds for the expansion of the Group's dishware washing operations and general working capital.

The newly issued shares rank pari passu in respects with the previously issued shares.

20 CONTINGENT LIABILITIES

	Group		Company	
	2016 \$	2015 \$	2016 \$	2015 \$
Corporate guarantees given to secure banking facilities granted:				
– subsidiaries	–	–	17,909,000	3,225,000

The amount of bank loan utilised by the subsidiaries that were covered by the corporate guarantee issued by the Company at the end of the reporting period is \$15,126,000 (2015: \$3,192,000).

No liability is recognised from the issuance of the corporate guarantees issued to subsidiaries as management has assessed the risk of default to be remote and therefore, the fair value of the financial guarantee to be immaterial.

21 RELATED PARTIES TRANSACTIONS

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

	Group	
	2016 \$	2015 \$
With related parties		
<i>Income</i>		
Service rendered	703,839	91,300
Rental	600,000	600,000
Sales of goods/equipment	–	2,279
<i>Others</i>		
Advances received from	–	24,000
Payment made on behalf of	–	447,023
With directors		
<i>Others</i>		
Advances made to	25,000	2,000,000
Advances received from	–	200,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

21 RELATED PARTIES TRANSACTIONS (CONTINUED)

b) Key management personnel compensation:

	Group	
	2016	2015
	\$	\$
Key management personnel's remuneration		
– Salaries and bonuses	887,841	253,122
– Defined contribution plans	117,576	33,247
– Fees	163,000	14,292
	1,168,417	300,661

22 LEASE COMMITMENTS

a) Lease commitment

Where the Group is a lessee

The Group leases vehicles and several premises for its centralised dishware washing facilities from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

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

	Group	
	2016	2015
	\$	\$
Not later than one financial year	592,638	390,966
Later than one financial year but not later than five financial years	1,222,353	764,237
More than five financial years	–	14,770
	1,814,991	1,169,973

Where the Group is a lessor

As at 31 December 2016, the Group leases out an investment property to Hao Kou Wei Pte. Ltd., a director-related company under non-cancellable operating leases.

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

	Group	
	2016	2015
	\$	\$
Not later than one financial year	500,000	600,000
Later than one financial year but not later than five financial years	–	500,000
	500,000	1,100,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

22 LEASE COMMITMENTS (CONTINUED)

b) Capital commitments

Capital commitments not provided for in the financial statements:

	Group	
	2016	2015
	\$	\$
Capital commitments in respect of:		
– Property, plant and equipment	<u>31,110</u>	<u>1,121,940</u>

23 FINANCIAL INSTRUMENTS

a) Categories of financial instruments

Financial instruments at their carrying amounts at reporting date are as follows:

	Group		Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
<i>Financial assets</i>				
Trade and other receivables	3,156,223	1,405,430	2,851,442	99,999
Cash and cash equivalents	1,065,165	1,081,371	230,299	1,603
Loans and receivables	4,221,388	2,486,801	3,081,741	101,602
<i>Financial liabilities</i>				
Trade and other payables	1,990,680	2,525,258	5,168,288	7,061,239
Loans and borrowings	12,196,378	13,174,144	–	–
Financial liabilities at amortised cost	14,187,058	15,699,402	5,168,288	7,061,239

b) Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The policies for managing each of these risks are summarised below. The directors review and agree policies and procedures for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which the Group manages and measures financial risk.

Foreign currency risk

The Group does not have exposure to foreign currency risk as its transactions, assets and liabilities are mainly denominated in Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

23 FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management objectives and policies (Continued)

Interest rate risk

The Group's exposure to interest rate risk arises primarily from loans and borrowings. Loans and borrowings at variable rates expose the Group to cash flow interest rate risk (i.e. the risk that future cash flows of a financial instrument will fluctuate due to changes in market interest rates). The Group does not use derivatives to hedge its interest rate. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

Sensitivity analysis for interest rate risk

The sensitivity analysis below have been determined based on the exposure to interest rates for loans and borrowings at the end of reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of loans and borrowings that have floating rates.

The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD. If the SGD interest rates increase/decrease by 50 (2015: 50) basis points with all other variables including tax rate being held constant, the loss of the Group will be higher/lower by \$48,162 (2015: \$51,939) respectively as a result of higher/lower interest expense on these loans and borrowings.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has credit policies in place and the exposure to credit risk is monitored on an ongoing basis by the management.

As at the end of the reporting period, the Group's trade receivables are all due from debtors located in Singapore. The Group's trade receivables comprise 1 debtor (2015: 3 debtors) that represented approximately 12% (2015: 48%) of the trade receivables.

As the Group and Company does not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position and the amount of \$15,126,000 (2015: \$3,192,000) relating to corporate guarantees given by the Company to the banks for facilities granted to related parties and subsidiaries.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are credit worthy customers with good payment records with the Group. Cash and cash equivalents are placed with reputable financial institutions with high credit ratings and no history of default.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

23 FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables of the Group that are past due but not impaired are as follows:

	Group	
	2016	2015
	\$	\$
Past due < 30 days	571,979	261,537
Past due 31 to 60 days	335,347	136,272
Past due 61 to 90 days	329,762	42,717
Past due over 90 days	683,590	35,297
	1,920,678	475,823

Movements in the allowance for doubtful receivables are as follows:

	Group	
	2016	2015
	\$	\$
At beginning of the year	-	12,288
Bad debts written off against allowance	-	(12,288)
At end of the year	-	-

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group manages the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities (Note 17). As disclosed in Note 19, part of the Group's net proceeds from its listing on the Catalist Board of Singapore Exchange Securities Trading Limited will be utilised as general working capital.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

23 FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The table below summarises the maturity profile of the Group's and Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Repayable on demand or within 1 year \$	Within 2 to 5 years \$	Over 5 years \$	Total \$
Group				
2016				
Trade payables	491,158	-	-	491,158
Other payables	1,499,522	-	-	1,499,522
Loans and borrowings	4,159,251	4,578,412	5,216,966	13,954,629
	<u>6,149,931</u>	<u>4,578,412</u>	<u>5,216,966</u>	<u>15,945,309</u>
2015				
Trade payables	63,648	-	-	63,648
Other payables	1,461,610	1,000,000	-	2,461,610
Loans and borrowings	3,609,241	6,314,920	5,585,166	15,509,327
	<u>5,134,499</u>	<u>7,314,920</u>	<u>5,585,166</u>	<u>18,034,585</u>
Company				
2016				
Other payables	5,168,288	-	-	5,168,288
2015				
Other payables	6,061,239	1,000,000	-	7,061,239

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

23 FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The table below show the contractual expiry by maturity of the Group's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Repayable on demand or within 1 year \$	Within 2 to 5 years \$	Over 5 years \$	Total \$
Company				
2016				
<i>Financial liabilities</i>				
Financial guarantee	15,126,000	-	-	15,126,000
2015				
<i>Financial liabilities</i>				
Financial guarantee	3,191,522	-	-	3,191,522

24 FAIR VALUES OF ASSETS AND LIABILITIES

a) Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

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

There has been no transfer between Level 1, Level 2 and Level 3 during the financial years ended 31 December 2015 and 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

24 FAIR VALUES OF ASSETS AND LIABILITIES (CONTINUED)

b) Fair value measurements of assets and liabilities that are measured at fair value

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value on the statement of financial position at the end of the reporting date:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Group				
2016				
Non-financial asset:				
Investment properties (Note 13)	-	-	4,791,324	4,791,324
2015				
Non-financial asset:				
Investment properties (Note 13)	-	-	4,775,000	4,775,000

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at financial year end.

Management is responsible for selecting and engaging valuation experts that possesses the relevant credentials and knowledge for the valuation of the investment properties.

For valuation performed by independent professional valuer, management reviews the appropriateness of the valuation methodologies and assumptions adopted. In determining the fair value of the investment properties, the valuation of the investment properties is based on comparable market transactions of similar properties and the estimated future income stream to be achieved from the property.

c) Movements in Level 3 assets and liabilities measured at fair value

The following table shows a reconciliation from the beginning balances to the ending balances for Level 3 fair value measurements:

	Investment properties	
	2016 \$	2015 \$
Balance at beginning of financial year	4,775,000	4,483,900
Fair value loss recognised in profit or loss	5,000	64,386
Additions	11,324	226,714
Balance at end of financial year	4,791,324	4,775,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

25 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The capital structure of the Group mainly consists of equity and borrowings and the Group's overall strategy remains unchanged from financial years ended 31 December 2015 and 2016.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2015 and 2016.

26 SEGMENT INFORMATION

The Group has only one operating segment from the dishware washing and cleaning services. Management has not identified any business or operating units separately for purpose of making decisions about resource allocation and performance assessment.

Information about major customers

Revenue of \$2,491,000 (2015: \$1,953,000 and \$1,115,000) are derived from one customer (2015: two customers) who individually contributed 10% or more of the Group's revenue.

Geographical information

The Group's revenues from external customers are derived solely from customers in Singapore. The non-current assets of the Group are all located in Singapore.

27 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors dated 31 March 2017.

SHAREHOLDERS' STATISTICS

AS AT 20 MARCH 2017

CLASS OF SHARES

Ordinary Shares

NUMBER OF SHARES

132,000,000

NUMBER OF ORDINARY SHAREHOLDERS

The number of ordinary shareholders as at 20 March 2017 is 273

VOTING RIGHTS

1 vote for each Ordinary Share held

TREASURY SHARES AND SUBSIDIARY HOLDINGS

Nil

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information provided and to the best knowledge of the Directors, approximately 25.61% of the total number of issued shares (excluding treasury shares) in the capital of the Company are held in the hands of the public as at 20 March 2017. Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited has therefore been complied with.

DISTRIBUTION OF SHAREHOLDINGS AS AT 20 MARCH 2017

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	43	15.75	41,100	0.03
1,001 – 10,000	81	29.67	428,500	0.32
10,001 – 1,000,000	140	51.28	14,012,600	10.62
1,000,001 AND ABOVE	9	3.30	117,517,800	89.03
TOTAL	273	100.00	132,000,000	100.00

SHAREHOLDERS' STATISTICS

AS AT 20 MARCH 2017

SUBSTANTIAL SHAREHOLDERS AS AT 20 MARCH 2017

Substantial Shareholder	Shareholdings registered in the name of the substantial shareholder	Shareholdings in which the substantial shareholder are deemed to be interested	Total	Percentage of issued shares
Pang Pok	84,200,000	–	84,200,000	63.79%
Lee Sai Sing	13,990,000	–	13,990,000	10.60%

TOP 20 SHAREHOLDERS AS AT 20 MARCH 2017

NO.	NAME	NO. OF SHARES	%
1	PANG POK	84,200,000	63.79
2	LEE SAI SING	13,990,000	10.60
3	TAN POK MIN	5,400,000	4.09
4	PANG LIM	3,615,600	2.74
5	KEK YEW LENG @KEK BOON LEONG	3,400,000	2.58
6	AU SWEE LING	2,800,000	2.12
7	PHILLIP SECURITIES PTE LTD	1,624,200	1.23
8	FONG KIM CHIT	1,288,000	0.98
9	ALPHAGREAT PTE LTD	1,200,000	0.91
10	KWEK PING LING (GUO BINGLING)	800,000	0.61
11	PHOON HAR KWONG @JAMES PHOON	720,000	0.55
12	THE KONGZI CULTURE FUND LTD	650,000	0.49
13	GOH GUAN SIONG (WU YUANXIANG)	500,000	0.38
14	LEE TECK HUAT	480,000	0.36
15	ANG HAO YAO (HONG HAOYAO)	371,300	0.28
16	YAP BENG KOK	350,000	0.27
17	TAN MUI YEE	310,000	0.23
18	DBS NOMINEES (PRIVATE) LIMITED	306,000	0.23
19	ONG KOON HAI	300,000	0.23
20	WONG HENG HONG	300,000	0.23
	TOTAL	122,605,100	92.90

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 8 Loyang Way 4, Singapore 507604 on Friday, 28 April 2017 at 10.00 a.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statements and the Audited Financial Statements for the financial year ended 31 December 2016 together with the Auditors' Report thereon. **[Resolution 1]**
2. To re-elect Mr Foo Sek Kuan as Director who is retiring pursuant to Article 113 of the Company's Constitution. [See Explanatory Note (i)] **[Resolution 2]**
3. To re-elect Mr Chua Kern as Director who is retiring pursuant to Article 113 of the Company's Constitution. [See Explanatory Note (ii)] **[Resolution 3]**
4. To re-elect Mr Lee Dah Khang as Director who is retiring pursuant to Article 117 of the Company's Constitution. [See Explanatory Note (iii)] **[Resolution 4]**
5. To re-elect Mr Lee Sai Sing as Director who is retiring pursuant to Article 117 of the Company's Constitution. [See Explanatory Note (iv)] **[Resolution 5]**
6. To approve the payment of directors' fees of S\$163,000 for the financial year ending 31 December 2017, to be paid quarterly in arrears (FY2016: S\$163,000). **[Resolution 6]**
7. To re-appoint Messrs Baker Tilly TFW LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 7]**

AS SPECIAL BUSINESS

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

8. **Authority to allot and issue shares and convertible securities** **[Resolution 8]**

"That pursuant to Section 161 of the Companies Act, Chapter 50 ("**Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Section B: Rules of Catalist ("**Catalist Rules**") and Constitution of the Company, authority be and is hereby given to the Directors of the Company to:

- (a) (i) allot and issue shares in the capital of 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 or other transferable rights to subscribe for or purchase shares, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into Shares,

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

NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue:
- (i) additional instruments as adjustments in accordance with the terms and conditions of the Instruments made or granted by the directors while this Resolution was in force; and
 - (ii) Shares in pursuance of any Instruments made or granted by the directors while this Resolution was in force or such additional Instruments in (b)(i) above,

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares, if any) (as calculated in accordance with sub-paragraph (2) below) or such other limit as may be prescribed by the Catalist Rules as at the date of this Resolution is passed, of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below) or any such other limit as may be prescribed by the Catalist Rules as at the date of this Resolution is passed;
- (2) (subject to such manner of calculation and adjustments 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, if any) shall be calculated based on the total number of issued Shares (excluding treasury shares, if any) at the time of the passing of this Resolution, after adjusting for:–
 - (a) new Shares arising from the conversion or exercise of convertible securities;
 - (b) new Shares arising from the exercising of share options or vesting of share awards outstanding and/or subsisting at the time this Resolution is passed; provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, and otherwise, the Constitution for the time being of the Company; and
- (4) (unless previously revoked or varied by the Company in general meeting) such authority conferred by this Resolution 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 the earlier.”

[See Explanatory Note (v)]

NOTICE OF ANNUAL GENERAL MEETING

9. **Authority to grant options and issue shares under the GS Holdings Employee Share Option Scheme** **[Resolution 9]**

“That pursuant to Section 161 of the Act, authority be and is hereby given to the Directors of the Company to:

- (i) offer and grant options (“**Options**”) from time to time in accordance with the provisions of the GS Holdings Employee Share Option Scheme (“GS Holdings ESOS”); and
- (ii) allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the GS Holdings ESOS,

provided always that aggregate number of Shares to be issued and issuable pursuant to the exercise of options under the GS Holdings ESOS, GS Holdings PSP and any other share based incentive schemes of the Company, shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company, on the day immediately preceding the date on which an offer to grant an Option is made and that the grant of Options can be made at any time and from time to time.”

[See Explanatory Note (vi)]

10. **Authority to allot and issue Shares under the GS Holdings Performance Share Plan** **[Resolution 10]**

“That pursuant to Section 161 of the Act, authority be and is hereby given to the Directors to:

- (i) offer and grant awards (“Awards”) from time to time in accordance with the provisions of the GS Holdings Performance Share Plan (“GS Holdings PSP”); and
- (ii) allot and issue from time to time such number of Shares as may be required to be issued pursuant to the vesting of Awards granted under the GS Holdings PSP,

provided always that aggregate number of Shares to be issued and issuable pursuant to the GS Holdings ESOS, GS Holdings PSP and any other share based incentive schemes of the Company, shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company.”

[See Explanatory Note (vii)]

ANY OTHER BUSINESS

11. To transact any other business which may be properly be transacted at an Annual General Meeting.

By Order of the Board

Sin Chee Mei
Company Secretary

11 April 2017

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Mr Foo Sek Kuan will, upon re-election as Director of the Company, remain as an Executive Director. Detailed information on Mr Foo Sek Kuan is found under the “Board of Directors” section in the Company’s Annual Report.
- (ii) Mr Chua Kern will, upon re-election as Director of the Company, remain as the Chairman of Nominating Committee and a member of Remuneration and Audit and Risk Committees. The Board considers Mr Chua Kern to be independent pursuant to Rule 704(7) of the Catalist Rules. Detailed information on Mr Chua Kern is found under the “Board of Directors” section in the Company’s Annual Report.
- (iii) Mr Lee Dah Khang will, upon re-election as Director of the Company, remain as the Lead Independent Director, Chairman of Audit and Risk Committee and a member of Remuneration and Nominating Committees. The Board considers Mr Lee Dah Khang to be independent pursuant to Rule 704(7) of the Catalist Rules. Detailed information on Mr Lee Dah Khang is found under the “Board of Directors” section in the Company’s Annual Report.
- (iv) Mr Lee Sai Sing will, upon re-election as Director of the Company, remain as Non-Independent and Non-Executive Director. Detailed information on Mr Lee Sai Sing is found under the “Board of Directors” section in the Company’s Annual Report.
- (v) **Ordinary Resolution 8**, if passed, will empower the Directors from the date of this annual general meeting until the date of the next annual general meeting or the date by which the next general meeting 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 allot and issue shares, make of grant instruments convertible into shares and to issue shares pursuant to such instruments. The aggregate number of share (including shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) which the Directors may allot and issue, shall not exceed, in total, one hundred per cent. (100%) of the total number of issued shares (excluding treasury shares, if any) of the Company, of which the total number of shares issued other than on a pro-rata basis to existing shareholders of the Company, shall not exceed fifty per cent. (50%) of the total number of issued shares (excluding treasury shares, if any) of the Company.
- (vi) **Ordinary Resolution 9**, if passed, will empower the Directors of the Company, to offer and grant options under the GS Holdings ESOS and to allot and issue shares pursuant to the exercise of such options under the GS Holdings ESOS not exceeding fifteen percent (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.
- (vii) **Ordinary Resolution 10**, if passed, will empower the Directors of the Company, to allot and issue Shares pursuant to the vesting of Awards under the GS Holdings PSP not exceeding fifteen percent (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

Notes:

1. A member of the Company shall be entitled to appoint not more than two proxies to attend and vote at the annual general meeting on his behalf.
2. Pursuant to Section 181 of the Act, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the annual general meeting. Relevant intermediary means:
 - (a) a banking corporation licensed under the Banking Act (Cap 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

NOTICE OF ANNUAL GENERAL MEETING

- (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Future Act (Cap. 289) and holds shares in that capacity; or
 - (c) the Central Provident Fund (“CPF”) Board established by the Central Provident Fund (Cap. 36), in respect of shares purchased on behalf of CPF investors.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 8 Loyang Way 4 Singapore 507604 not less than 48 hours before the time set for holding the Annual General Meeting.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General 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 Annual General 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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GS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 201427862D

PROXY FORM

IMPORTANT:

1. Relevant intermediary may appoint more than two proxies to attend, speak and vote at the Annual General Meeting and vote (please see Note 3 for the definition of "relevant intermediary").
2. For SRS investors who have used their SRS monies to buy shares in the Company's shares, this proxy form is not valid for use and shall be ineffective for all intends and purposes if used or purported to be used by them. SRS investors should contact their SRS Approved Agents if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notes of this Proxy Form.

I/We _____ (name) _____ (NRIC/Passport/Co. Registration No.)
of _____ (address)

being a member/members of **GS HOLDINGS LIMITED** (the "Company") hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

or failing him/her, the Chairman of the Annual General Meeting ("AGM"), as my/our proxy/proxies to vote for me/us and on my/our behalf, by poll, at the AGM of the Company to be held at 8 Loyang Way 4, Singapore 507604 on Friday, 28 April 2017 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for and against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting.

Please indicate your vote "For" or "Against" with an "X" within the boxes provided.

No.	Resolutions Relating To:	For	Against
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2016 together the Auditors' Report		
2	Re-election of Mr Foo Sek Kuan as director		
3	Re-election of Mr Chua Kern as director		
4	Re-election of Mr Lee Dah Khang as director		
5	Re-election of Mr Lee Sai Sing as director		
6	Approval of directors' fees of S\$163,000 for the financial year ending 31 December 2017, payable in arrears		
7	Re-appointment of Baker Tilly TFW LLP as auditors and authority to fix the remuneration		
8	Authority to issue shares or convertible securities		
9	Authority to issue shares pursuant to the GS Holdings ESOS		
10	Authority to issue shares pursuant to the GS Holdings PSP		

* Please indicate your vote "For" or "Against" with an "X" within the box provided.

Dated this _____ day of _____ 2017

Total number of Shares	No. of Shares
(a) Depository Register	
(b) Register of Members	

Signature(s) of Member(s) or
Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote on his behalf at the AGM. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.
3. Pursuant to Section 181 of the Act, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the annual general meeting. Relevant intermediary means:
 - (a) a banking corporation licensed under the Banking Act (Cap 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
 - (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Future Act (Cap. 289) and holds shares in that capacity; or
 - (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund (Cap. 36), in respect of shares purchased on behalf of CPF investors.
4. A proxy need not be a member of the Company.
5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 8 Loyang Way 4 Singapore 507604 not less than 48 hours before the time set for the AGM.
6. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an attorney duly authorised in writing or by an authorised officer of the corporation.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney the letter or the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Annual General Meeting.
9. The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument of proxy. In addition, in the case of members whose shares are entered in the Depository Register, the Company may reject an instrument of proxy lodged if the member, being the appointer, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time set for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General 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 Annual General 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.



GS HOLDINGS LIMITED

(Incorporated in Singapore on 19 September 2014)
(Company Registration Number: 201427862D)

8 Loyang Way 4, Singapore 507604
www.greatsolutions.com.sg

