

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2016

33. Disposal of significant subsidiaries and Joint Venture 2016

- i. In December 2016, the Group's wholly-owned subsidiary, China Water Company (Yancheng) Limited has completed the sale of its entire 49% stake in Yancheng China Water Co. Ltd (joint venture) to Yancheng City Municipal Utilities Investment Company Ltd for RMB260 million (approximately S\$54.9 million). The gain on disposal of S\$34.7 million was recognised in "Other Income".

2015

- i. On April 16, 2015, the Group's wholly-owned UK subsidiary, Sembcorp Holdings Limited, completed the sale of its 100% stake in Sembcorp Bournemouth Water Investment (SBWI) to the Pennon group PLC (Pennon) for an enterprise value of £191.5 million (approximately S\$393 million), with cash proceeds from the sale of £104.5 million (approximately S\$214 million). The gain on disposal of S\$54.7 million was recognised in "Other Income".
- ii. On August 24, 2015, the Group's wholly-owned subsidiary, China Water Company (Zhumadian) Limited has completed the sale of its entire 51% stake in Zhumadian China Water Company Limited to Beijing Enfei Environmental Protection Co for RMB90 million (approximately S\$19.5 million). The gain on disposal of S\$17.7 million was recognised in "Other Income".

34. Acquisition of Significant Subsidiaries and Non-controlling Interests 2016

Acquisition of Significant Subsidiaries

- i. On March 9, 2016, Sembcorp Marine acquired an additional 44% equity stake in Gravifloat AS (Gravifloat), a marine engineering and naval architecture company, to 56% and Gravifloat became a subsidiary of the Group. Consequently, financial statements of Gravifloat were consolidated into the Group's financial statements.

The principal activity of Gravifloat is to design and hold patents for re-deployable modularised LNG and LPG solutions.

Revenue and profit contribution

The revenue and profit contribution from the new acquisition were not material.

Had the acquired businesses been consolidated from January 1, 2016, the contribution to the Group's consolidated revenue and consolidated profit for the year ended December 31, 2016, would not have been significant.

Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred:

		Group 2015 S\$'000		2016 S\$'000
	Note	S\$'000		At fair value Note S\$'000
Property, plant and equipment	3	401,171	a. <i>Effect on cash flows of the Group</i>	
Long-term receivables		10,026	Cash paid	47,258
Intangible assets	10	38,113	Less: Cash and cash equivalents in subsidiaries acquired	(7)
Deferred tax assets	11	19	Cash outflow on acquisition	47,251
Inventories and work-in-progress		1,191		
Trade and other receivables		32,919		
Cash and cash equivalents		28,841		
Trade and other payables		(44,383)		
Current tax payable		(472)	b. <i>Identifiable assets acquired and liabilities assumed</i>	
Deferred tax liabilities	11	(44,613)	Intangible assets	10 134,575
Provisions	17	3,345	Other receivables	8
Retirement benefit obligations		(2,837)	Cash and cash equivalents	7
Interest bearing borrowings		(209,986)	Total assets	134,590
Other long-term payables		(71,595)		
Net assets derecognised		141,739	Deferred tax liabilities	11 33,633
Non-controlling interests		8,460	Total liabilities	33,633
Realisation of currency translation reserve upon disposal		10,406		
		160,605	Total net identifiable assets	100,957
Gain on disposal of subsidiaries	28(b)	72,409	Less: Non-controlling interests	(44,421)
Consideration received, satisfied in cash		233,014	Add: Goodwill	10 5,219
Less: Cash and cash equivalents disposed of due to de-consolidation		(28,841)	Less: Amount previously accounted for as available-for-sale financial asset	(5,004)
Net cash inflow		204,173	Less: Gain on deemed disposal of available-for-sale financial asset	28 (4,243)
			Consideration transferred for the businesses	52,508
			Amount reflected as other payables	15(b) (5,250)
			Cash paid	47,258

- iii. In 2015, the Group's wholly-owned subsidiary, Sembcorp Environment has disposed its 40% interest in SembSita Pacific Pte Ltd (SembSita) to its 60% joint venture partner, Suez Environnement Asia (Suez), for a consideration of S\$487.9 million and a gain of S\$353.2 million has been recognised in "Other Income".