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HEETON HOLDINGS LIMITED

ANNUAL REPORT 2012

Heeton Holdings Limited

Home to Exquisite Living

annual report 2012

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CORPORATE PROFILE

iLiv@Grange, Artist's Impression

Heeton prides itself on building exceptional and uniquely designed homes that measure up to international standards. As testament to its commitment to innovation and cutting-edge design, the Group has brought in YOO Inspired by Starck, a world-renowned design company co-founded by designer Philippe Starck and British developer John Hitchcox, to design the interiors and landscaping of iLiv@Grange.

Heeton's growth in the property industry is underpinned by a stable portfolio of investment properties that includes Tampines Mart, The Woodgrove, Sun Plaza and El Centro. The Group has also ventured into the hospitality sector, via a significant stake in Mercure Hotel Pattaya, located in the popular tourist destination of Pattaya, Thailand.

About Heeton Holdings Limited

Heeton Holdings Limited is engaged in property development and property investment in Singapore and beyond. Established in 1976, it has been listed on the Singapore Exchange since 8 September 2003.

As a boutique property developer, the Group has a niche focus on developing distinctive and high quality residential properties in Singapore's choice districts. Among its completed projects are DLV at Dalvey Road, The Element@ Stevens at Steven Road, detached and semi-detached houses along Holland Road, as well as a joint-venture project, The Lumos at Leonie Hill.

Heeton has also formed strong partnerships with other established property developers to develop properties locally and in the region. Such properties include Lincoln Suites off Newton Road, The Boutiq at Killiney Road, Sky Green at MacPherson Road, and Twins at Damansara Heights, Kuala Lumpur.

The Boutiq, Artist's Impression

CHAIRMAN'S STATEMENT

Mr. Toh Khai Cheng
Chairman

Dear Shareholders,

The year 2012 saw several rounds of anti-speculative measures implemented by the Government to impede the uptrend in private property prices. The combined effects of these measures resulted in many prospective home buyers, particularly in the high-end private residential property segment, exercising caution, which thus led to softer market conditions overall.

On our part, we managed to achieve some measure of success in balancing our portfolio of development and investment properties, and turned in a profitable set of results for the financial year ended 31 December 2012 (FY2012). The Group registered bottom line growth to $52.7 million, from $26.2 million in the previous year (FY2011), largely driven by a fair value gain from the Group's investment properties. This came on the back of FY2012 revenue of $52.5 million, versus $82.5 million in FY2011. In view of the positive performance, the Board is pleased to propose a final dividend of 1.3 cents per share for FY2012, a 0.2 cent increase over FY2011.

Business Review and Update

Revenue for the property development segment was mainly contributed by proceeds from the sale of units of *The Lumos*, *Lincoln Suites*, as well as *Britton*, our maiden development property in London, United Kingdom. With *The Lumos* having received its temporary occupation permit in August 2011 and most of its revenue, cost of sales and profits accounted for in FY2011, revenue contribution from this development was significantly lower in FY2012.

Construction for the Group's joint-venture project, *The Boutiq*, at Killiney Road, began in the first quarter of 2012, and is making good progress thus far. Over 80% of the 130-unit development has been sold. We look forward to this project contributing positively to the Group in 2013.

Two of our joint-venture residential projects, *Palacio* and *Sky Green*, were launched in August and October 2012 respectively, to positive response from property buyers. The 21-unit *Palacio*, a cluster housing development at Telok Kurau Road, is over 80% sold, while *Sky Green*, a 176-unit development located at MacPherson Road, is about 95% sold. We plan to commence construction of both developments in the second quarter of this year.

The Group's two maiden residential projects in London, *Britton* and *Earlington*, which were acquired during the year under review, were well-received during their respective launches in May and October 2012. More than 90% of the 15-unit *Britton* has been sold, and the redevelopment of the project was completed in December 2012. 14-unit *Earlington* is about 70% sold, and construction of this development is slated to commence in the second quarter of 2013.

Our property investment portfolio continued on a steady growth path in 2012. One of our development properties, *El Centro* at Kee Seng Street, was reclassified as an investment property during the fourth quarter of FY2012. The revaluation of this and other investment properties in our portfolio namely, *Sun Plaza*,

CHAIRMAN'S STATEMENT

Tampines Mart and *The Woodgrove*, brought us fair value gain of $42.2 million in FY2012. We expect our investment properties to continue to generate stable recurring income in the year ahead.

Our significant stake in *Mercure Hotel Pattaya* in Pattaya, Thailand, also contributed positively to our FY2012 performance. The hotel has been enjoying a healthy occupancy rate due to Thailand's popularity as a tourism spot. Apart from this hotel, we believe that the hospitality sector holds good investment potential and we will look out for opportunities locally and internationally to grow this segment of our business.

Looking Ahead

We expect potential buyers of private residential properties to take a cautious approach towards their home purchase plans, following the introduction of the anti-speculation measures, and progressive tax that will increase the tax bill of high-end property owners. This may have the effect of capping market demand in the near-term. On the other hand, the longer-term demand trend for the residential market should be sustainable in view of the anticipated growth in the population of Singapore.

Going forward, we will continue to maintain a strategic balance between our staple property investment portfolio, which contribute stable recurring income, and the property development business that gives us the crowning touch.

We are looking forward to the launch some of projects that we are developing with our joint-venture partners, including those at the sites occupied by *McDonald's Place* at King Albert Park, *NeWest* at West Coast Way, *Seletar Gardens* at Cactus Road and at 121 Whitley Road. We do not hold controlling interests in these projects, but given the size of these projects, we should be able to enjoy satisfactory returns on our investments. We have also set our sights towards extending our footprint beyond Singapore shores, to explore opportunities to build up our hospitality and property portfolios overseas.

Acknowledgements

We have been able to turn in yet another profitable performance this year with the dedication and diligence of our management and employees. I am very grateful to them for their efforts. I am also thankful to have the strong support of shareholders, customers, business partners and associates that have not wavered over the years. I would also like to thank our Board members for their invaluable counsel and guidance.

I look forward to growing our strengths with you and deliver on our commitment in terms of performance and returns to our stakeholders.

Toh Khai Cheng
Chairman

主席致辞

尊敬的各位股东：

新加坡政府在2012年实施了一连串新政策，旨在冷却不断升温的房地产市场。许多有意置业者，尤其是高档私宅项目方面，也随即却步，谨慎观望降温措施所带来的影响，导致整体房地产市场表现较为疲弱。

于我们而言，我们在房地产开发及房地产投资两项业务的平衡发展中收获颇丰，让我们能在截至2012年12月31日的财政年度里（“2012财年”）再次取得盈利。在集团房地产投资公允值收益的推动下，集团净利从前一财政年度（“2011财年”）的2,620万元，激增至5,270万元。此增长基于2012财年收入5,250万元，相对于2011财年收入8,250万元。鉴于集团的良好业绩，董事会建议在2012财年派发每股1.3分的终期股息，与去年相比增长0.2分。

业务发展与回顾

房地产开发业务的收入主要来自*The Lumos*、*Lincoln Suites*以及集团在英国伦敦的首个地产发展项目*Britton*三个项目逐步确认的销售额。*The Lumos*已于2011年8月份取得临时入住准证，其销售额、销售成本和利润已绝大部分收录在2011财年业绩，因此来自这项发展项目的销售额在2012财年大幅度减少。

集团位于基里尼路的合资项目*The Boutiq*已于2012年第一季度开土动工，目前工程进度顺利。*The Boutiq*的130个单位已售出超过80%。我们期待此项目将为集团在2013年的业绩产生良好影响。

集团分别于2012年8月及10月份推出两项合资住宅项目*Palacio*及*Sky Green*，均获得买家的积极反应。坐落于直落古楼路M巷的*Palacio*是一项拥有21个单位的聚落式洋房项目，单位至今已售出超过80%。位于麦波申路的*Sky Green*公寓项目则拥有176个单位，单位至今已售出约95%。两项目预计在今年第二季度开始建设。

集团在2012年首次进军英国伦敦，收购并于同年5月及10月分别推出两项住宅项目*Britton*与*Earlington*，获得买家良好反应。拥有15个单位的*Britton*售出超过90%，并已于2012年12月完成重建。拥有14个单位的*Earlington*则已售出超过70%，集团计划于2013年第二季度开始建设。

集团的房地产投资业务在2012年继续取得稳健增长。集团属下的一个位于Kee Seng Street的发展项目*El Centro*在2012年第四季转列为投资地产。*El Centro*以及集团其他投资地产，包括*Sun Plaza*，*Tampines Mart*和*The Woodgrove*，的重新估值为集团带来4,220万元的公允值收益。未来一年，我们期待投资地产项目继续为集团带来稳定、持续性收入。

我们拥有显著股权、位于泰国芭堤雅的*Mercure Hotel Pattaya*为集团2012财年的业绩带来收益。泰国是深受旅客欢迎的度假胜地，因而带动酒店享有高入住率。我们相信酒店旅游业存在着很好的投资潜能，并将在本地和国外探寻这方面的商机，发展集团的酒店旅游业务。

展望未来

政府逐步推出的房地产市场降温措施以及针对豪宅业主的累进税预期会使买家在购买私宅项目时采取更谨慎的态度，以致市场需求增长短期内可能受到限制。另一方面，新加坡人口预计将继续增加，从而带动住宅市场长远的需求增长。

展望未来，我们将继续在集团的两项业务，即为集团带来稳定收入的房地产投资业务以及为业绩带来点睛之笔的房地产开发业务之间，争取策略性平衡。

未来一年里，我们将陆续推出数项合资项目，项目地点包括位于阿尔柏王园现为*McDonald's Place*的地段，*NeWest*位于西海岸大道，位于Cactus Road现为实里达花园的地段，以及位于惠德里路121号的地段。虽然我们并不持有以上项目的控股权，但就项目规模而言，我们预计能够从中获得良好的投资回报。我们也将放眼国际市场，探寻商机发展集团的酒店旅游以及房地产业务。

致谢

我们能够在2012财年里继续取得盈利有赖于全体管理层与同事们的勤勉贡献，我谨在此深表感谢。我也感谢股东、客户、商业伙伴和各界同仁多年不懈的支持。我也感激董事会成员给予集团宝贵的意见和指导。

我期待与大家一齐发展集团优势，实现推进业绩、提供回报的承诺。

卓开清
主席

CEO'S MESSAGE

Mr. Toh Giap Eng
CEO

Dear Shareholders,

We have been able to turn in a profitable performance during the financial year ended 31 December 2012 (FY2012) on the back of contributions from investment properties, sales recognised from three development projects, namely *The Lumos, Lincoln Suites* and *Britton*. We have also participated in a number of land acquisitions and joint ventures that we expect will bring us good returns.

Highlights

Lower contribution from two of the Group's residential projects, *The Lumos* and *Lincoln Suites*, in FY2012 led to lower revenue recorded of $52.5 million, from $82.5 million a year ago (FY2011). Most of *The Lumos'* revenue, cost of sales and profits have been accounted for in FY2011, following its receipt of its temporary occupation permit (TOP) in August 2011. Nevertheless, the Group recorded a profit attributable to shareholders of $52.7 million in FY12, from $26.2 million in FY11, taking into account a fair value gain during the year on investment properties.

Financial Review

In line with the lower property development activity, cost of properties sold decreased by 35.6% to $27.4 million.

Dividend income received from a company in which the Group holds an investment interest, along with late payment interest received from property buyers in the first and fourth quarters of FY2012, contributed to a 66.1% rise in other operating income to $1.2 million.

Finance expenses increased by 52.0% to $4.7 million, mainly due to an increase in term loans, higher interest rates paid on these term loans during the year, as well as interest expenses relating to *The Lumos*, which were previously recognised as development costs prior to the receipt of its TOP in August 2011.

Profit contribution from our hospitality business in Pattaya, Thailand enabled us to record share of profits from associated companies of $333,000 in FY2012.

The Group recognised a $564,000 gain from negative goodwill, as the acquisition price of the Pattaya hospitality business was lower that the fair value of the business' identifiable assets and liabilities.

We also recorded a $42.2 million fair value gain on our investment properties, following the revaluation of *Tampines Mart, The Woodgrove* and *Sun Plaza*, and the reclassification of *El Centro* as an investment property from its former status as a development property.

The Group closed the year with a net asset value per share of $1.28, versus $1.06 in FY11, while earnings per share was 23.54 cents, compared to 11.73 cents in FY11.

Property Development

Revenue for our property development business was mainly contributed by sales recognition from *The Lumos*, *Lincoln Suites*, and *Britton*, a residential property in London, United Kingdom. This segment brought in $31.8 million in revenue, and accounted for 60.5% of the Group's total revenue in FY2012, versus $62.7 million, or 76.0% of total revenue, in FY11. *The Lumos* received TOP in August 2011, and has had most of its revenue, cost of sales and profits accounted for in FY2011, resulting in significantly lower contribution in FY2012.

During the year under review, the Group acquired and successfully launched two maiden residential projects in London, namely *Britton* and *Earlington*. More than 90% of the units in *Britton* have been sold, and redevelopment of the site was completed in December 2012. *Earlington* is about 70%, and construction work is slated to begin in the second quarter of 2013.

CEO'S MESSAGE

We also launched two joint-venture projects, *Palacio* and *Sky Green* in August and October 2012 respectively, to good response. Both projects showcased our intentions to develop distinctive, well-conceptualised residential properties.

Situated on the 31,930-sq-ft site at Lorong M Telok Kurau Road, *Palacio* is a 21-unit strata-titled cluster housing development. The attractiveness of cluster housing lies in what it allows owners to enjoy – a combination of niche landed-like living environment and condominium-like communal facilities. The project, in which we hold a 36% stake, is over 80% sold, and expected to commence construction in the second quarter of 2013.

Sky Green occupies some 71,283 sq ft at MacPherson Road, just off Upper Paya Lebar Road. Located on the city fringe, the development lies in close proximity to key transport arteries, entertainment, shopping, renowned schools and other amenities.

With an undulating façade inspired by gentle waves, the 176-unit *Sky Green* is a distinctive visual respite from the more linear exterior of residential and industrial buildings nearby. The development comprises one- to four-bedroom apartments, as well as three- to four-bedroom penthouses. More than 95% of the development has been sold, and the construction of the project is slated to begin in the second quarter of 2013.

The Group has also built on strong partnerships with joint-venture partners to participate in a number of land acquisitions during the year.

One such acquisition is a 21,900 sq ft freehold site at Whitley Road that is zoned for 2-storey mixed landed residential units, a relative scarcity in Singapore. The Group holds a 30% stake in this project.

During the year, the Group also took up investment stakes in several other projects. The first is a freehold land parcel at King Albert Park currently occupied by McDonald's Place. This 59,577 sq ft site has been zoned for commercial and residential use, and has a plot ratio of 3.0. The second project is a 73,166 sq ft freehold site at Cactus Road currently occupied by Seletar Garden. Also zoned for commercial and residential use, it has plot ratio of 1.4.

We also added to our portfolio a 15% stake in the 12,362 sq ft freehold Sam Leong Mansion site at Sam Leong Road, which has a plot ratio of about 3.0 and is zoned for redevelopment into a commercial development.

Finally, we also jointly-acquired a 13,282 sq ft freehold site at Lorong 32 Geylang Road, which has a plot ratio of 2.8, in which we have a 10% stake.

The Group is looking forward to the launch of *NeWest* at West Coast Road, which it jointly acquired in September 2011, towards the second quarter of 2013.

Property Investment

The property investment segment contributed $22.1 million, or 42.2% to Group revenue in FY2012, compared to $21.3 million, or 25.8% of Group revenue in FY2011.

The segment remains a stable income source, derived from healthy occupancy rates at our investment properties, *Tampines Mart*, *The Woodgrove*, *Sun Plaza*. The addition of *El Centro* to our portfolio, following its reclassification from development property, boosted the asset value of our investment properties to $334.6 million, from $250.8 million last year.

Beyond Singapore, Mercure Hotel in Pattaya, Thailand in which we hold a significant stake, continues to enjoy a consistently healthy occupancy rate, buoyed by the destination's booming tourism sector. We are encouraged by the growth potential of the tourism and hospitality sector and will look to tap it further to deepen our involvement in this area.

Outlook

We were able to turn in a decent set of performance as a result of our ability to balance our portfolio of development and investment properties, and we will continue to maintain this strategy. Going forward, we intend to explore opportunities to participate in property acquisitions and investments in Singapore and beyond. However, we will continue to remain prudent in our evaluation of such opportunities, taking into consideration the impact of seven rounds of property cooling measures implemented thus far, the possibility of more such measures, along with the wider local and global economic situation.

Acknowledgement

To all who have contributed to the growth of the Group, particularly the management and my colleagues, thank you for your dedication and hard work. As we continue on our path of growth, I know that we will be able to surmount any obstacle with your support. I look forward to making the journey with you.

Toh Giap Eng
CEO

总裁致辞

尊敬的各位股东：

在投资地产收益以及*The Lumos*、*Lincoln Suites*和*Britton*三项地产发展项目逐步确认的销售额带动下，集团在截至2012年12月31日的财政年度（“2012财年”）里交出良好的盈利表现。我们也参与了数项能为集团带来回报的土地收购以及合资项目。

重点摘要

由于来自集团两项住宅项目*The Lumos*和*Lincoln Suites*的销售额在2012财年里减少，导致集团收入从前一财政年度（“2011财年”）的8,250万元降低至2012财年的5,250万元。*The Lumos*已于2011年8月份取得临时入住准证，因此其销售额、销售成本和利润已大部分录入2011财年业绩。尽管如此，在集团房地产投资公允值收益的推动下，2012财年的股东应占收益仍然从2011财年的2,620万元增长至2012财年的5,270万元。

财务回顾

随着集团房地产开发活动放缓，开发成本下跌至2,740万元，跌幅为35.6%。

其他经营收入上升66.1%达120万元，主要来自集团持投资权益的一家公司的股息收入，以及在2012财年第一与第二季度来自购房者因逾期付款而支付的利息。

财务费用达470万元，涨幅为52.0%，主要由于长期借款的增加，较高的息率，以及*The Lumos*相关利息费用所致。*The Lumos*的相关利息费用在其2011年8月取得临时入住准证前曾被列入开发成本。

来自泰国芭堤雅酒店旅游业务的利润贡献使集团得以呈报33.3万元的联营公司利润份额。

由于芭堤雅的酒店业务收购价低于可辨认资产和负债的公允价值，集团从中获得56.4万元的负商誉收益。

基于*Tampines Mart*，*The Woodgrove*和*Sun Plaza*的重新估值，以及*El Centro*从开发地产转列为投资地产，集团的投资地产取得4,220万元的公允价值收益。

截至2012财年，集团的净资产值为每股1元28分，相比2011财年的1元6分，每股盈利为23.54分，2011财年则为11.73分。

房地产开发

我们的房地产开发业务的收入主要来自三个住宅项目的销售额，即*The Lumos*，*Lincoln Suites*和位于英国伦敦的*Britton*项目。房地产开发业务为集团带来3,180万元的收入，占集团2012财年总收入的60.5%。此项业务于2011财年收入则为6,270万元，占2011财年集团总收入的76.0%。*The Lumos*已于2011年8月取得临时入住准证，由于其销售、成本和利润已大部分录入2011财年业绩中，来自这项发展项目的销售额在2012财年显著减少。

集团在2012财年里首次在英国伦敦收购并同年推出两个私宅项目，分别为*Britton*和*Earlington*。*Britton*已售出超过90%，并于2012年12月完成项目重建。*Earlington*则已售出约70%，预计将于2013年第二季度动工。

我们也分别于2012年8月和10月份推出了两项合资项目*Palacio*和*Sky Green*，均获得良好反应。这两个项目充分展示了我们致力开发设计独特、概念新颖的私宅项目的意图。

坐落于直落古楼路M巷的*Palacio*占地3万1,930平方英尺，是一项拥有21个单位的聚落式洋房项目。聚落式洋房的吸引力在于业主既能享受有地住宅般的生活环境又能拥有公寓项目般的共用设施。该项目已售出超过80%。集团持有该项目的36%股权。建设工程预计在2013年第二季度开始。

*Sky Green*占地7万1,283平方英尺，位于临近巴耶利巴路上段的麦波申路。*Sky Green*地点优异，既处城市边缘，主要交通道路、娱乐、购物、着名学校和其他设施也近在咫尺。

总裁致辞

*Sky Green*成波浪型的外观设计灵感出自柔和的海面，与周围较线性外观的住宅和工业楼宇形成对比。*SkyGreen*拥有176个单位，包括一至四房式公寓单位，以及三至四房式顶层套房。该项目已售出超过95%，预计2013年第二季度开始建设。

在2012财年里，凭着稳健的合作关系，集团亦与合资伙伴一同参与地段收购。

其中一项收购是位于惠德里路121号一块可作为2层楼混合住宅项目的永久地契地段，占地2万1,900平方英尺。这类地段在新加坡属较罕见类别。集团持有该地段30%股权。

集团在2012年也购得数项私宅发展项目的投资股权。其中一项是位于阿尔柏王园现为*McDonald's Place*的永久地契地段，该地段占地5万9,577平方英尺，容积率为3.0，可作商业及住宅用途。另一项是位于CactusRoad现为实里达花园的永久地契地段，该地段占地7万3,166平方英尺，容积率为1.4，亦可作商业及住宅用途。

另一项合资项目是位于三龙路，现为三龙大厦的永久地契地段。该地段占地1万2,362平方英尺，容积率为3.0，可发展作商业用途。我们拥有该项目的15%股权。

我们也合资购得位于芽笼路32巷、占地1万3,282平方英尺的永久地契地段，该地段容积率为2.8。我们持该项目的10%股权。

集团期待在2013年第二季度推出位于西海岸路的*NeWest*私宅项目。集团是在2011年9月份合资购得此地段。

房地产投资

房地产投资业务在2012财年为集团带来2,210万元的收入，占集团总收入的42.2%。该业务于2011财年为集团带来2,130万元收入，占2011财年总收入的25.8%。

由于集团投资地产*Tampines Mart*、*The Woodgrove*和*Sun Plaza*持续享有高出租率，使得房地产投资业务依旧是我们稳定收入的来源。*El Centro*获准列为投资地产后，集团投资地产的总资产值从去年的2亿5,080万元上升至3亿3,460万元。

放眼海外，在泰国芭堤雅蓬勃的旅游业的带动下，我们拥有显著股权的*Mercure Hotel Pattaya*在这一年来得以享有高入住率。我们对酒店旅游业的发展潜能深感鼓舞，亦会继续开拓这方面业务。

前景展望

集团能够交出让人满意的业绩归功于集团能够维持房地产开发与房地产投资两项业务的均衡组合，我们也将继续以此策略为执行目标。未来一年里，我们将在新加坡和海外探寻商机，参与房地产收购和投资。然而，在考虑到政府已实施的七轮降温措施、未来可能还会推出更多类似措施、以及本地与国际经济大环境多个因素可能带来的影响的情况下，我们仍会以一贯审慎的态度来评定各商机的可行性。

致谢

我谨借此机会感谢对喜敦控股的发展辛勤奉献的同仁，尤其是管理层成员以及所有同事们。随着集团继续在发展道路上迈进，我深知唯有大家的支持我们才能够克服任何困难。我期待与各位一同踏上这趟迈向成功的旅程。

卓业荣
执行总裁

BOARD OF DIRECTORS

Mr Toh Giap Eng
CEO, Managing Director

Mr Toh was appointed as a Director of the Company on 1 July 1996 and has been with the Group since 1987. Mr Toh oversees group-wide strategic planning and directions and also business development and investment. Mr Toh is a member of the Nominating Committee. Mr Toh started his career in the banking and finance industry and holds a Bachelor of Arts (Business), United Kingdom and is a member of the Chartered Institute of Management Accountants, United Kingdom.

Mr Toh Khai Cheng
Non-executive Chairman

Mr Toh is the founder of the Heeton Group and has been a director of the Company since July 1976. Mr Toh has been in the property development and investment for about four decades. Mr Toh is a member of the Audit and Remuneration Committees and he provides consultative and strategic advices to the Board and senior management of the Group.

Mr Low Yee Khim
COO, Executive Director

Mr Low joined the Group in September 2004 and was appointed as an Executive Director on 3 October 2005. He was promoted as a Chief Operating Officer in March 2007. Mr Low currently oversees all the finance, leasing, operational, Marketing, project and hospitality activities of the Group. Mr Low comes with a wealth of financial and management experiences as he has been working with MNCs and Singapore listed Companies for more than 30 years. Mr Low is a Certified Public Accountant with ICPAS.

BOARD OF DIRECTORS

Mr Toh Gap Seng
Non-executive Director

Mr Toh was appointed as a Director of the Company on 10 February 1978. He has more than 20 years experience in property development and investment business. Mr Toh is currently the executive Director of Hong Heng Co Private Limited.

Mr Chia Kwok Ping
Non-executive, Independent Director

Mr Chia was appointed as an independent director of the Company on 15 October 2012. Mr Chia has more than 15 years' experience in property development, property investment and hospitality. He joined TCC Land Co., Ltd in 2003 and represents TCC Land Co. Ltd for all international properties acquisition and management as well as its overseas expansion. Mr Chia is the Chairman of the Nomination Committee and a member of the Remuneration Committee.

Mr Chew Chin Hua
Non-executive, Independent Director

Mr Chew was appointed as an independent director of the Company on 27 December 2002. Mr Chew is currently the Chairman of the Audit Committee and a member of the Nominating Committee. He has many years of experience in the accounting and auditing profession. Mr Chew is a member of the Association of Chartered Certified Accountants.

Mr Tan Tiong Cheng
Non-executive, Independent Director

Mr Tan was appointed as an independent director of the Company on 28 April 2009. Mr Tan is currently the Chairman of Knight Frank Pte Ltd's Group of Companies. He has extensive and in-depth knowledge of real estate in the last 4 decades. A Colombo Plan Scholar, Mr Tan graduated top of his class with a Diploma in Urban Valuation from the University of Auckland, New Zealand. Mr Tan is the Chairman of the Remuneration Committee and a member of the Audit Committee.

KEY MANAGEMENT

Toh Giap Eng, Vince
Chief Executive Officer and Managing Director

Toh Giap Eng, Vince, is the Chief Executive Officer and Managing Director of the Group. He is responsible for business development and making strategic and business investment decisions. Vince started his career in the banking and finance industry and has been in the property development and investment business for about 2 decades. He holds a Bachelor of Arts (Business), United Kingdom and is a member of the Chartered Institute of Management Accountants, United Kingdom.

Low Yee Khim, Danny
Chief Operating Officer and Executive Director

Low Yee Khim, Danny, is the Chief Operating Officer and Executive Director of the Group. Prior to joining the Group, Danny has worked at senior management level with various American and European multinational corporations, as well as Singapore listed companies. He is a Certified Public Accountant of Singapore.

Heng Lee Cheng, Cheryl
Chief Financial Officer

Heng Lee Cheng, Cheryl, has been promoted from Group Financial Controller to Chief Financial Officer in July 2012. She is responsible for the Group's accounting, finance and Leasing activities. Cheryl has several years of experience in the auditing and accounting profession before she joined the Group in April 2000. She holds a Bachelor of Accountancy from the Nanyang Technological University of Singapore and is a Certified Public Accountant of Singapore.

Janet Tan Hong Sien
General Manager, Project Development & Marketing

Janet Tan Hong Sien joined the Group in October 2012 as a General Manager, Project Development & Marketing. She oversees the property development activities of the Group in Singapore. Janet holds a Bachelor degree of Applied Science in Construction Management & Economics and a Diploma of Building. She has about 20 years' experience in real estate industry and was an Assistant General Manager, Project, with a reputable listed developer for about 6 years.

PROPERTY PORTFOLIO

The Boutiq, Artist's Impression

Sun Plaza

Mercure Hotel Pattaya

PROPERTY PORTFOLIO

Development Properties and Land Bank

Name and Location	Percentage held (%)	Tenure	Proposed Development	Development	Approximate Land Area (sq m)
The Lumos at No. 9 Leonie Hill	50	Freehold	Apartment	53 units of apartment development comprising of 35-storey	3,232
iLiv@Grange at 74 Grange Road	100	Freehold	Apartment	Proposed 1 block of 16-storey residential flats (Total 30 units) with basement car park and communal facilities	1,888
Lincoln Suites at 1/3 Khiang Guan Avenue	25	Freehold	Condominium	Proposed condominium housing development comprising 2 blocks of 30-storey apartment flats (Total 175 units) with provisions for 1 block of 6-deck multi-storey car park, swimming pool and communal facilities	5,573
The Britton at 35-37 Cock Lane, London	100	996 years	Apartment	15 exclusive apartments	N/A
Earlington at 30-31 Philbeach Gardens, London	100	125 years	Apartment	Proposed 14 exclusive apartments	433

PROPERTY PORTFOLIO

Development Properties and Land Bank (Held by Associated Companies)

Name & Location	Tenure	Proposed Development	Approximately Land Area (sq m)
The Boutiq at 145 Killiney Road	Freehold	Apartment	3,714
Palacio at 63-73C Lorong M Telok Kulau	Freehold	Strata-landed terrace houses	2,966
Sky Green at 568 & 570 Macpherson Road	Freehold	Condominium	6,218
121C Whitley Road	Freehold	Landed houses	2,035
NeWest at 1 and 3 West Coast Drive	956 years with effect from 27 May 1928	Mixed commercial and residential	15,298
Seletar Garden at 2/A/B – 20A/B/C Cactus Road	Freehold	Mixed commercial and residential	7,800
KAP & KAP Residences at 9 and 11 King Albert Park	Freehold	Mixed commercial and residential	5,535
Haus 23 at Ladprao 23 Rd, Ladyarw (Bangsae-nuar) Bangkhen Bangkok Thailand.	Freehold	Condominium	2,451

PROPERTY PORTFOLIO

Investment Properties

Name and Location	Tenure	Type of Development	Approximate Leasable Area (sq m)
Tampines Mart at Blocks 5, 7, 9 and 11 Tampines Street 32	Leasehold term of 99 years from 1 May 1993	Retail / Commercial	7,900
The Woodgrove at 30 Woodlands Avenue 1	Leasehold term of 99 years from 26 June 1996	Retail / Commercial	3,785
Sun Plaza at 30 Sembawang Drive	Leasehold term of 99 years from 26 June 1996	Retail / Commercial	14,142
El Centro at 11 Kee Seng Street	Freehold	Apartment/ Retail	4,667
62 Sembawang Road	Estate in Perpetuity	Transport Facilities	1,239

Investment Properties held by Associated Companies

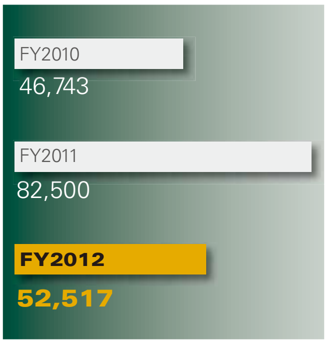
Name and Location	Tenure	Type of Development	Approximate Leasable Area (sq m)
223@Mountbatten, Singapore	Leasehold term of 15 years from 20 February 2012	Commercial	10,447
Mercure Hotel Pattaya, Thailand	Freehold	Hotel	16,324
Click Denim E Kamai at Soi EKamai 19, Klongton-Nuq Sub-district, Wattana District, Bangkok Thailand	Freehold	Condominium	3,100

GROUP STRUCTURE

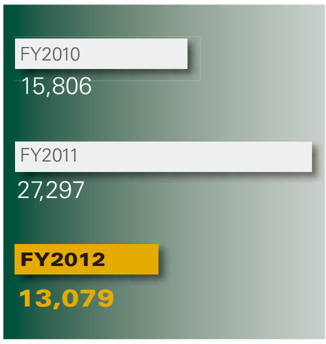
HEETON HOLDINGS LIMITED

- 100% Heeton Management Pte Ltd
- 100% Heeton Estate Pte Ltd
- 100% Heeton Land Pte. Ltd.
  - Buildhome Pte. Ltd. 50%
- 100% Heeton Venture (Overseas) Pte. Ltd.
  - Panareno Sdn Bhd 15%
- 100% Heeton Capital Pte. Ltd.
  - General Wealth Holdings Limited 100%
  - Chatteris Developments Limited 100%
  - Zain Joy Holdings Limited 100%
- 100% MHP Pte. Ltd.
  - Dalvey Hospitality Co., Ltd 49%
- 100% Heeton Venture (Asia) Pte. Ltd.
  - Dalvey Estate Co., Ltd 38.98%
  - Dalvey Holdings Co., Ltd 49%
  - Dalvey Residence Co., Ltd 38.98%
- 100% Market Investment Pte Ltd
- 100% Heeton Venture (China) Pte. Ltd.
  - Jiujiang Heeton Enterprise Ltd 30%
  - KSH (China) Venture Pte. Ltd. 20%
- 100% Heeton Residence Pte. Ltd.
  - Heeton Realty Pte. Ltd. 100%
- 50% Canberra Development Pte Ltd
- 100% Heeton Homes Pte. Ltd.
  - Unique Development Pte. Ltd. 45%
  - Residenza Pte. Ltd. 36%
  - Unique Realty Pte. Ltd. 40%
  - Phileap Pte. Ltd. 25%
  - Unique Consortium Pte. Ltd. 35%
  - Unique Rezi Pte. Ltd. 42%
  - Development 26 Pte. Ltd. 10%
  - Development 32 Pte. Ltd. 10%
  - Unique Commercial Pte. Ltd. 15%
  - Unique Wellness Pte. Ltd. 20%
  - Unique Resi Estate Pte. Ltd. 30%
  - Unique Capital Pte. Ltd. 40%
- 100% Market Holdings Pte Ltd
- 100% Heeton Properties Pte. Ltd.
  - Kim Leong Development Pte Ltd 83.56%

FINANCIAL HIGHLIGHTS

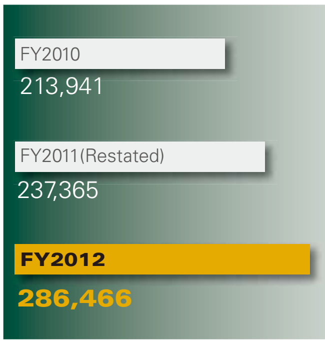


TURNOVER
(Including discontinued operation)
(S$'000)

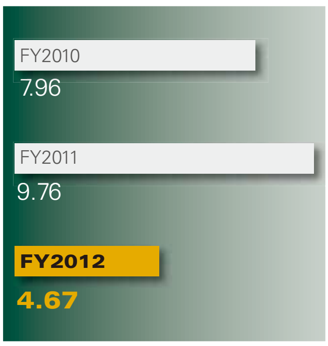


PBT
(Before gain on fair value of investment properties)
(S$'000)

PBT MARGIN
(Before gain on fair value of investment properties)
(%)

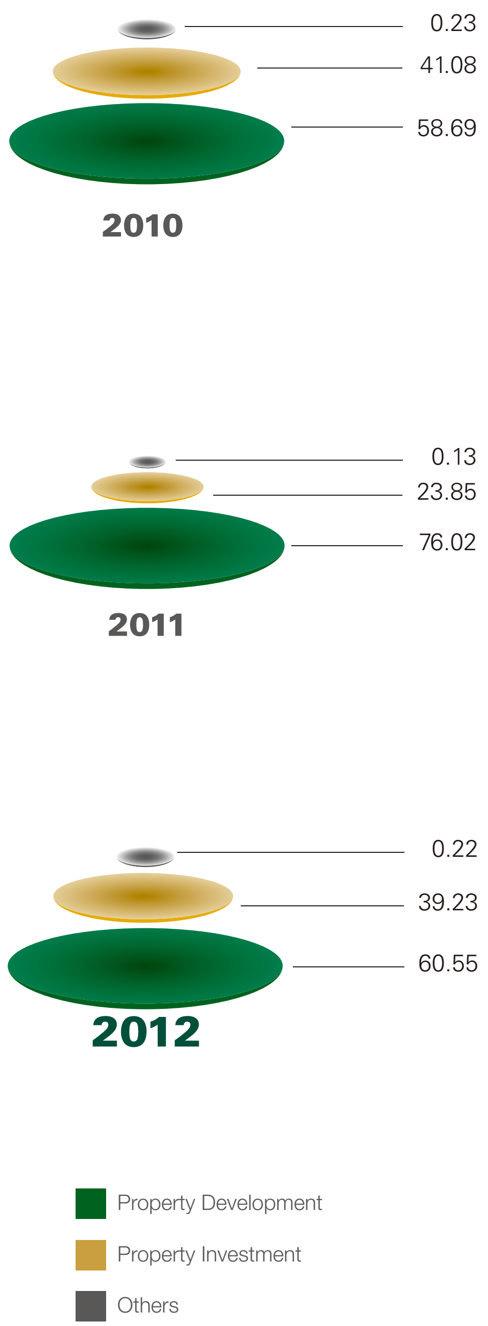


NET ASSETS VALUE BEFORE NCI
(S$'000)



EPS
(Before gain on fair value of investment properties)
(cents)

TURNOVER BY ACTIVITY (%)



CORPORATE INFORMATION

Board of Directors
Executive
Toh Giap Eng (Chief Executive Officer)
Low Yee Khim (Chief Operating Officer)

Non-executive
Toh Khai Cheng
Toh Gap Seng
Tan Tiong Cheng (Independent)
Chew Chin Hua (Independent)
Chia Kwok Ping (Independent)

Audit Committee
Chew Chin Hua (Chairman)
Tan Tiong Cheng
Toh Khai Cheng

Nominating Committee
Chia Kwok Ping (Chairman)
Toh Giap Eng
Chew Chin Hua

Remuneration Committee
Tan Tiong Cheng (Chairman)
Chia Kwok Ping
Toh Khai Cheng

Registered Office
60 Sembawang Road
#01-02/03 Hong Heng Mansions
Singapore 779088
Tel: (65) 6456 1188
Fax: (65) 6455 5478
Website: www.heeton.com

Auditors
Ernst & Young
One Raffles Quay
North Tower, Level 18
Singapore 048583
Sam Lo
(Partner-in-charge since financial year ended 31 Dec 2012)

Company Secretaries
Lee Ho Wah
Chew Bee Leng

Share Registrar
M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

Principal Banker
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

Sky Green, Artist's Impression

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REPORT ON CORPORATE GOVERNANCE

Heeton Holdings Limited (the "Company") is committed to maintaining a high standard of corporate governance in complying with the Code of Corporate Governance 2005 (the "2005 Code") issued by the Ministry of Finance. Good corporate governance establishes and maintains an ethical environment in the Group, which strives to enhance the interests of the shareholders of the Company. This Report describes the Company's corporate governance processes and activities with specific reference to the 2005 Code.

Whilst the revised Code of Corporate Governance 2012 (the "2012 Code") which is only applicable for annual reports of the Company for the financial year ending 31 December 2013, the Company has already complied with certain guidelines in the 2012 Code, and will continue to keep pace with developments in corporate governance by enhancing its practices and frameworks.

BOARD MATTERS

Board's Conduct of its Affairs

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

The board of Directors (the "Board") supervises the management of the business and affairs of the Company and its subsidiaries (the "Group"). The Board approves the Group's corporate and strategic direction, the appointment of Directors and key managerial personnel, major funding and investment proposals, and reviews the financial performance of the Group.

To facilitate effective management, certain functions have been delegated to various Board committees ("Board Committees"), each of which has its own written terms of reference and whose actions are reported to and monitored by the Board.

The Company has adopted internal guidelines setting forth matters that require Board's approval. The types of material transactions that require Board's approval under such guidelines are listed below:

1. approval of quarterly and full-year results announcements;
2. approval of annual results and financial statements;
3. declaration of interim dividends and proposal of final dividends;
4. convening of shareholders' meetings;
5. authorisation of merger and acquisition transactions; and
6. authorisation of major transactions.

The Board conducts regular scheduled meetings and ad-hoc meetings are also convened from time to time to deliberate on urgent substantive matters. Telephonic attendance and conference via audio-visual communication at Board meetings are allowed under the Company's Articles of Association (the "Articles"). The details of the Board and Board Committee meetings and the attendance of each Board member at these meetings are disclosed below at Table 1.

REPORT ON CORPORATE GOVERNANCE

Table 1: Attendance of Directors, who held office at the end of the financial year, at Board and Board Committee Meetings held in FY2012

Name of Director	Board Meetings*		Nominating Committee Meetings*		Remuneration Committee Meetings*		Audit Committee Meetings	
	No. held	No. attended	No. held	No. attended	No. held	No. attended	No. held	No. attended
Toh Khai Cheng	5	5	–	–	1	1	4	4
Toh Giap Eng	5	5	2	2	–	–	–	–
Toh Gap Seng	5	5	–	–	–	–	–	–
Low Yee Khim	5	5	–	–	–	–	–	–
Chew Chin Hua	5	5	2	2	–	–	4	4
Tan Tiong Cheng	5	4	–	–	1	1	4	4
Chia Kwok Ping (1)	1	1	0	0	0	0	–	–

* Refers to meetings held/attended while each Director was in office.

(1) Mr Chia Kwok Ping was appointed on 15 October 2012.

There are briefing sessions held from time to time to update the Directors on changes to any legislation or regulations which are relevant to the Group's or Directors' obligations. Newly appointed Directors are briefed on the business and organisation structure of the Group.

Board composition and Guidance

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

The Board currently comprises 7 members, with the details set out at Table 2. Two executive Directors, namely Mr Toh Giap Eng, Chief Executive Officer ("CEO") and Mr Low Yee Khim, Chief Operating Officer ("COO") and five non-executive Directors. Of the five non-executive Directors, three of them are independent Directors, namely, Mr Chew Chin Hua, Mr Tan Tiong Cheng and Mr Chia Kwok Ping.

Key information regarding the Directors can be found under the Board of Directors section in this annual report. The independence of each Director is reviewed annually by the Nominating Committee. Each independent Director is required to complete an independent Director's Declaration form annually to confirm his independence based on the guidelines set out in the 2005 Code.

REPORT ON CORPORATE GOVERNANCE

Table 2: Details of Directors

Name of Director	Board committee as chairman or member	Directorship: Date of first appointment/ Date of last re-election	Board appointment whether executive or non-executive/ independent	Due for re-election at next Annual General Meeting ("AGM")
Toh Khai Cheng	Member of Audit Committee and Member of Remuneration Committee	7 July 1976/ 25 April 2012	Non-executive	Retirement pursuant to section 153(2) of the Companies Act, Cap 50 (the "Act")
Toh Giap Eng	Member of Nominating Committee	1 July 1996/ Not applicable[(1)]	Executive	N/A
Low Yee Khim	–	3 October 2005/ 25 April 2012	Executive	N/A
Toh Gap Seng	–	10 February 1978/ 21 April 2011	Non-executive	Retirement by rotation pursuant to Article 95(2)
Chew Chin Hua	Chairman of Audit Committee and Member of Nominating Committee	27 December 2002/ 25 April 2012	Non-executive/ Independent	N/A
Tan Tiong Cheng	Chairman of Remuneration Committee and Member of Audit Committee	28 April 2009/ 21 April 2011	Non-executive/ Independent	Retirement by rotation pursuant to Article 95(2)
Chia Kwok Ping	Chairman of Nominating Committee and Member of Remuneration Committee	15 October 2012/ Not applicable[(2)]	Non-executive/ Independent	Retirement pursuant to Article 96

(1) Under Articles 84 and 95(2) of the Articles, the Managing Director of the Company is not subject to retirement by rotation. The Managing Director's service is set out in his service contract with the Company. His service contract was last renewed on 1 February 2011.

(2) Mr Chia Kwok Ping was appointed on 15 October 2012.

REPORT ON CORPORATE GOVERNANCE

Role of Chairman and Chief Executive Officer

Principle 3: There should be clear division of responsibilities at the top of the Company – the working of the Board and the executive responsibility of the Company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

The functions of the Chairman and CEO in the Company are assumed by different individuals. The Chairman, Mr Toh Khai Cheng, is a non-executive Director, while the CEO, Mr Toh Giap Eng, is an executive Director. There is a clear division of responsibilities between the Chairman and CEO, which ensures a balance of power and authority as well as increased accountability at the top of the Company. The CEO is a son of the Chairman.

The CEO, supported by the COO, has the executive responsibility for the day-to-day operations of the Group while the responsibilities of the Chairman working together with the CEO, the management and the Company Secretary, amongst others, include:

- scheduling meetings that enable the Board to perform its duties responsibly while not interfering with the flow of the Company's operations;
- preparing the agenda for meetings;
- ensuring effective communication with shareholders;
- reviewing key proposals before they are presented to the Board for decision;
- exercising control over quality, quantity and timeliness of the flow of information between the management and the Board; and
- assisting in ensuring compliance with the Company's corporate governance guidelines.

Board Membership

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

The Nominating Committee ("NC") comprises two independent non-executive Directors, namely Mr Chia Kwok Ping (Chairman) and Mr Chew Chin Hua and an executive Director, Mr Toh Giap Eng. The NC has written terms of reference approved by the Board and is responsible for making recommendations to the Board on all appointments and re-appointments to the Board. The NC reviews and assesses candidates for directorships before making recommendations to the Board. In recommending new directors for appointment to the Board, the NC takes into consideration the skills and experience required to support the Group's business activities or strategies, the current composition of the Board and the size of the Board, and strives to ensure that the Board has an appropriate balance of independent directors as well as directors with the right profile of expertise, skill, attributes and ability, The NC's responsibilities include the following:

a. re-nomination of the Directors having regard to the Directors' contribution and performance;
b. conducting reviews to determine the independence of each Director; and
c. conducting reviews to evaluate whether or not a Director is able to and has been adequately carrying out his/her duties as Director of the Company, when he/she has multiple board representations.

The size and composition of the Board are reviewed on an annual basis by the NC, which seeks to ensure that the Board has an appropriate mix of expertise and experience.

REPORT ON CORPORATE GOVERNANCE

The NC is of the view that:

a. the majority of the NC members are independent and able to exercise objective judgement on corporate affairs of the Group independently from the management;
b. there is no individual or small group of individuals on the Board who dominate the Board's decision making process;
c. the Board as a whole, possess core competencies required for the effective conduct of the affairs and operations of the Group; and
d. the current size of the Board is adequate for the purposes of the Group.

The Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to Article 95 of Articles, one-third of the Directors retire from office at the Company's AGM ("one-third rotation rule"). In addition, Article 77 and Article 96 of the Company's Articles provide that a newly appointed Director must submit himself for re-election at the next AGM following his appointment. Thereafter, he is subject to the one-third rotation rule.

Board Performance

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

The NC will use its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge to enable balanced and well-considered decisions to be made. The performance criteria taken into account by the NC in relation to an individual director include the Director's industry knowledge and/or functional expertise, contribution and workload requirements, sense of independence and attendance at the Board and committee meetings. One of the NC's responsibilities is to undertake a review of the board's performance. The NC will be implementing a formal review process to assess the effectiveness of the Board on an annual basis as well as the contribution by each individual director to the effectiveness of the Board.

Access to Information

Principle 6: In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to the board meetings and on an on-going basis.

Management provided the members of the Board with management accounts on quarterly basis, as well as relevant background information and documents relating to items of business to be discussed at a Board meeting before each scheduled meeting. The Board has separate and independent access to the Company's senior management and the Company Secretary. The Company Secretary attends all Board meetings and the Board committees meetings and records the proceedings and decisions at the Board and of the Board Committees. The Company Secretary ensures that the corporate secretarial aspects of procedures concerning the Board are duly complied. The Company Secretary also advises the Board on the requirements of the Act, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and all rules and regulations which are applicable to the Company.

Under the Articles, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

In carrying out their duties and where necessary, Directors individually or as a group may seek independent professional advice where appropriate at the Company's expense.

REPORT ON CORPORATE GOVERNANCE

REMUNERATION MATTERS

Procedures for developing remuneration policies

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

The Remuneration Committee ("RC") comprises two independent non-executive Directors, namely, Mr Tan Tiong Cheng (Chairman) and Mr Chia Kwok Ping, and a non-executive Director, Mr Toh Khai Cheng. The duties and responsibilities of the RC as set out in the Terms of Reference approved by the Board include the following:

a) review and advise the Board on the framework of remuneration policies for executive and non-executive Directors and key executives; and
b) review and advise the Board on the implementation of any appropriate long term incentive schemes for the Directors and employees of the Company.

The Company ensures that the RC has access to expert advice on the human resource matter whenever there is a need to consult externally. In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individual employee. No Director or officer of the Company will be involved in deciding his own remuneration.

Remuneration Level and Mix

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the Company successfully but companies should avoid paying more than necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards towards corporate and individual performance.

Pursuant to the respective service contracts of the CEO and the COO:

a) the term of service for each executive director is for a period of 3 years and is subject to review thereafter;
b) remuneration includes, among others, a fixed salary, allowances and a variable performance bonus which are conditional upon each meeting certain performance targets; and
c) there are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of an executive director.

Non-executive Directors, including the Chairman, do not have service contracts with the Company and their remuneration packages comprise a basic director retainer fee. The Board, in recommending to the shareholders the quantum of fees to be paid to the Directors, takes into account factors such as frequency of meetings, time spent by Directors and the responsibilities of Directors. Directors' fees are subject to the approval of the shareholders at each AGM.

Currently, the Company does not have an employees' share option scheme or any long-term scheme. The RC will recommend the implementation of incentive schemes as and when it considers appropriate.

REPORT ON CORPORATE GOVERNANCE

Disclosure on remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the Company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

A breakdown, showing the level and mix of each individual Director's remuneration payable for the financial year ended 31 December 2012 is as follows:

Remuneration bands	Salary	Bonus	Fees	Other Benefits#	Total
	%	%	%	%	%
Below S$250,000					
Toh Khai Cheng	–	–	100	–	100
Toh Gap Seng	–	–	100	–	100
Tan Tiong Cheng	–	–	100	–	100
Koh Lip Lin (Resigned on 15 October 2012)	–	–	100	–	100
Chew Chin Hua	–	–	100	–	100
Chia Kwok Ping (Appointed on 15 October 2012)	–	–	100	–	100
Between S$250,000 to S$500,000					
Low Yee Khim	69	29	–	2	100
Between S$750,000 to S$1,000,000					
Toh Giap Eng	69	29	–	2	100

Other benefits refer to car benefits during the year.

Key Executives

The remuneration of the key executives of the Group for the financial year ended 31 December 2012 is shown in the following bands:

Remuneration bands	Salary	Bonus	Fees	Total
	%	%	%	%
Below S$250,000				
Heng Lee Cheng	69	22	9	100
Tan Hong Sien (Appointed on October 2012)	90	10	–	100
Tan Hock Lum (Resigned on October 2012)	83	17	–	100
Lim Siew Bee (Resigned on June 2012)	100	–	–	100
David Lau Guan Seng (Resigned on July 2012)	100	–	–	100
Above S$250,000				
Nil.				

There are currently no employee share option schemes provided by the Company or the Group.

Immediate Family Member of Director

There are no employees in the Group who are immediate family members of a Director or the CEO.

REPORT ON CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Accountability

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

The financial results of the Group are published via SGXNET on a quarterly basis. The Company may also, on an ad-hoc basis, hold media and analysts briefings and publish press releases of its financial results.

Procedures are put in place to provide Board members with management accounts with highlights on key business indicators and any significant business developments.

Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee ("AC") comprises two independent non-executive Directors, namely, Mr Chew Chin Hua (Chairman) and Mr Tan Tiong Cheng and a non-executive director, Mr Toh Khai Cheng.

The Chairman of the AC, Mr Chew Chin Hua, is by profession, a Certified Public Accountant who was in practice for several years. The other members of the AC have many years of experience in business and financial management. The Board is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the functions of the AC.

For the financial year 2012, the AC has held 4 meetings. Details of members and their attendance at meetings are provided in Table 1. The AC has written terms of reference approved by the Board.

The AC's responsibilities include the following:

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

The AC also has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility.

REPORT ON CORPORATE GOVERNANCE

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions. The AC also meets the external auditors separately at least once a year, without the presence of the CEO and management, in order to have free and unfettered access to unfiltered information and feedback.

The Company has a whistle-blowing policy and arrangement by which staff may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters to the AC Chairman or CEO.

The Board confirms that, in relation to the appointment of auditors for the Company, subsidiaries and significant associated companies, the Group is in compliance with the requirements of the SGX-ST's Listing Manual.

Internal Controls

Principle 12: The Board and the AC should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the Company's assets.

The Board and AC have reviewed the adequacy of the Group's internal controls that address the Group's financial, operational and compliance risks. Based on the internal controls established and maintained by the Group, work performed by the outsourced internal auditors and external auditors, and reviews performed by management, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, were adequate as at 31 December 2012. The Board notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Internal Audit

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

The size of the existing operations of the Group does not warrant the Group to have an in-house internal audit team. The AC's responsibility in overseeing that the Company's risk management system and internal controls are adequate is complemented by the work of the outsourced Internal Auditor, KPMG LLP. The AC reviews the internal audit procedures and ensures that the internal audit functions, together with the various systems put in place by the Group are adequate.

COMMUNICATIONS WITH SHAREHOLDERS

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. Information is communicated to the shareholders on a timely basis. The Company does not practice selective disclosure. The Board provides shareholders with an assessment of the Company's performance, position and prospects on a quarterly basis via announcements of results and other ad-hoc announcements as required by the SGX-ST. The Company's Annual Report which is sent to all shareholders, is also available on request.

REPORT ON CORPORATE GOVERNANCE

The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad-hoc basis. Shareholders will be informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Each item of special business included in the notice of the meeting will be accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions will be proposed for substantially separate issues at the meeting. The Chairman of the Audit, Remuneration and Nominating Committees are present at the Company's AGMs to answer those questions relating to the work of these committees. The external auditors are also present to assist the Directors in addressing any relevant queries by shareholders relating to the financial statements of the Company.

The Company's Articles allow shareholders of the Company to appoint one or two proxies to attend and vote in their absence. The Company is not implementing absentia-voting methods such as by mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

INTERESTED PERSON TRANSACTIONS

There were no interested person transactions entered into by the Company that required disclosure under the SGX-ST's Listing Manual exceeding S$100,000 during the financial year ended 2012.

DEALINGS IN SECURITIES

The Company has adopted and implemented Rule 1207(19) of the Listing Manual issued by SGX-ST on dealings in securities. This has been made known to Directors, officers, and staff of the Company and the Group. In particular, it has been highlighted that to deal in the Company's securities as well as securities of other listed companies when the officers (Directors and employees) are in possession of unpublished material price sensitive information in relation to those securities is an offence. The officers are also discouraged from dealing in the Company's securities on short-term considerations.

Directors and key senior executives of the Group are prohibited from trading in the Company's shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full-year financial statements. The Company has complied with Rule 1207(19) in the financial year ended 2012.

RISK MANAGEMENT

The Group currently does not have a Risk Management Committee but the Management regularly reviews the Group's business and operations to identify areas of significant business risks, and put in place appropriate measures to address these risks and reports to the Board on areas of significant risks to the Group's operations if any. The following have been identified as significant risk factors relevant to the Group's operations:

Interest rate risk

The Group's interest rate exposure relates primarily to the outstanding amounts of long-term debt obligations. The Group's policy is to manage its interest cost using a mix of fixed and variable rate bank financing.

Surplus funds are placed with reputable banks.

REPORT ON CORPORATE GOVERNANCE

Information relating to the Group's interest rate exposure is also disclosed in the notes to the financial statements on the Group's borrowings, including lease obligations.

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Short-term funding is from banking facilities.

Credit risk

The carrying amount of cash and cash equivalents, trade debtors and other debtors represent the Company's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

The Group has no significant concentration of credit risks.

DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Heeton Holdings Limited (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company for the financial year ended 31 December 2012.

Directors

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

Toh Khai Cheng	–	Non-executive Chairman
Toh Giap Eng	–	Managing Director
Low Yee Khim	–	Executive Director
Toh Gap Seng	–	Non-executive Director
Chew Chin Hua	–	Independent Director
Tan Tiong Cheng	–	Independent Director
Chia Kwok Ping	–	Independent Director

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

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

	Direct interest		Deemed interest	
Name of director	**1 January 2012**	**31 December 2012**	**1 January 2012**	**31 December 2012**
The Company				
Heeton Holdings Limited				
(Ordinary shares)				
Toh Khai Cheng(1)	13,919,350	13,919,350	91,703,425	91,703,425
Toh Giap Eng(2)	20,815,025	21,415,025	56,159,100	56,159,100
Toh Gap Seng(3)	12,269,475	12,269,475	–	300,000
Chew Chin Hua	30,000	30,000	–	–
Tan Tiong Cheng	10,000	10,000	–	–

DIRECTORS' REPORT

Directors' interests in shares and debentures (Continued)

(1) Toh Khai Cheng is deemed to be interested in the 56,159,100 shares held by Heeton Investments Pte Ltd and the 34,160,250 shares held by Hong Heng Company Private Limited Toh Khai Cheng is also deemed to be interested in 1,384,075 shares held by his deceased spouse.

(2) Toh Giap Eng is deemed to be interested in the 56,159,100 shares held by Heeton Investments Pte Ltd.

(3) Toh Gap Seng is deemed to be interested in the 300,000 shares held by his spouse.

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2013.

By virtue of Section 7 of the Companies Act, Messrs Toh Khai Cheng, Toh Giap Eng and Toh Gap Seng are deemed to have interests in the shares held by Heeton Holdings Limited in all its subsidiaries.

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

Directors' contractual benefits

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

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option as at the end of the financial year.

DIRECTORS' REPORT

Audit committee

The Audit Committee (AC) carried out its functions in accordance with Section 201B(5) of the Act, including the following:

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

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

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

DIRECTORS' REPORT

Audit committee (Continued)

In appointing the auditing firms for the Company, subsidiaries and significant associated companies, we have complied with Listing Rules 712, 715 and 716.

The Board of Directors and the AC have reviewed the adequacy of the Group's internal controls that address the Group's financial, operational and compliance risks. Based on the internal controls established and maintained by the Group, work performed by the outsourced internal auditors and external auditors, and reviews performed by management, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, were adequate as at 31 December 2012. The Board notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

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

Auditors

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors,

Toh Giap Eng
Managing Director

Low Yee Khim
Executive Director

Singapore
28 March 2013

STATEMENT BY DIRECTORS

We, Toh Giap Eng and Low Yee Khim, being two of the directors of Heeton Holdings Limited, do hereby state that, in the opinion of the directors,

(i) the accompanying balance sheets, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and the results of the business, changes in equity and cash flows of the Group for the year ended on that date, and

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

On behalf of the board of directors,

Toh Giap Eng	Low Yee Khim
Managing Director	Executive Director

Singapore
28 March 2013

INDEPENDENT AUDITOR'S REPORT

for the year ended 31 December 2012

To the Members of Heeton Holdings Limited

Report on the financial statements

We have audited the accompanying financial statements of Heeton Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 39 to 135, which comprise the balance sheets of the Group and the Company as at 31 December 2012, and the consolidated statement of changes in equity, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT

for the year ended 31 December 2012

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

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

Ernst & Young LLP
Public Accountants and
Certified Public Accountants
Singapore

28 March 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2012

(In Singapore dollars)

	Note	2012 $'000	2011 $'000 (Restated)
CONTINUING OPERATIONS			
Revenue	4	**52,517**	82,500
Cost of properties sold		**(27,414)**	(42,556)
Other operating income	5	**1,209**	728
Personnel expenses	6	**(3,265)**	(3,591)
Depreciation of fixed assets		**(246)**	(282)
Reversal of foreseeable losses on development properties		**–**	1,000
Other operating expenses		**(8,207)**	(8,828)
Profit from continuing operations	7	**14,594**	28,971
Finance expenses	8(a)	**(4,670)**	(3,072)
Finance income	8(b)	**2,258**	2,024
Share of results of associated companies	14	**333**	(626)
Gains from fair value adjustments of investment properties	12	**42,242**	4,400
Gain from negative goodwill	14	**564**	–
Profit before tax		**55,321**	31,697
Income tax expense	9	**(2,623)**	(5,450)
Profit for the year		**52,698**	26,247
Other comprehensive income:			
Foreign currency translation		**(1,136)**	(363)
Other comprehensive income for the year, net of tax		**(1,136)**	(363)
Total comprehensive income for the year		**51,562**	25,884
Profit for the year			
Attributable to:			
Owners of the Company		**52,699**	26,249
Non-controlling interests		**(1)**	(2)
		52,698	26,247

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2012

(In Singapore dollars)

	Note	2012 $'000	2011 $'000 (Restated)
Total comprehensive income for the year:			
Attributable to:			
Owners of the Company		**51,563**	25,886
Non-controlling interests		**(1)**	(2)
		51,562	25,884
Earnings per share attributable to owners of the Company (cents per share)			
Basic	10	**23.54**	11.73
Diluted	10	**23.54**	11.73

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

BALANCE SHEETS
as at 31 December 2012

(In Singapore dollars)

		Group			Company	
	Note	**31.12.2012 $'000**	31.12.2011 $'000 (Restated)	1.1.2011 $'000 (Restated)	**31.12.2012 $'000**	31.12.2011 $'000
Non-current assets						
Fixed assets	11	**501**	707	723	**283**	353
Investment properties	12	**334,600**	250,800	246,400	**76,000**	–
Subsidiaries	13	**–**	–	–	**31,670**	31,590
Associated companies	14	**91,760**	66,456	36,108	**–**	–
Joint venture companies	15	**–**	–	–	**5,000**	5,000
Other investments	16	**2,591**	3,363	2,519	**–**	–
Intangible assets	17	**109**	109	109	**–**	–
Deferred tax assets	18	**63**	8	8	**8**	8
		429,624	321,443	285,867	**112,961**	36,951
Current assets						
Development properties	19	**249,188**	265,581	262,739	**–**	39,187
Trade receivables	20	**2,027**	9,404	3,133	**1**	1
Other receivables	21	**680**	750	797	**3**	208
Prepayments		**179**	900	1,541	**20**	13
Amounts due from subsidiaries (non-trade)	22	**–**	–	–	**106,531**	83,664
Amounts due from related parties (trade)	22	**198**	4	4	**–**	–
Fixed deposits	23	**7,713**	10,513	16,068	**–**	2,000
Cash and bank balances	24	**1,931**	6,659	3,602	**68**	277
		261,916	293,811	287,884	**106,623**	125,350

BALANCE SHEETS
as at 31 December 2012

(In Singapore dollars)

	Note	Group			Company	
		31.12.2012	31.12.2011	1.1.2011	**31.12.2012**	31.12.2011
		$'000	$'000	$'000	**$'000**	$'000
			(Restated)	(Restated)		
Current liabilities						
Trade payables	25	**9,259**	9,422	5,594	**92**	60
Other payables and accruals	26	**5,382**	5,805	9,334	**809**	1,413
Amounts due to subsidiaries (non-trade)	22	**–**	–	–	**22,251**	18,748
Amounts due to related parties (non-trade)	22	**1,550**	–	–	**1,550**	–
Lease obligations	31(c)	**94**	94	56	**53**	53
Short-term bank loans	27	**46,705**	28,205	23,805	**32,000**	13,000
Bank term loans	28	**37,385**	26,959	45,042	**1,160**	1,119
Bank overdrafts	27	**10,832**	–	927	**493**	–
Income tax payable		**3,787**	5,612	2,551	**302**	268
		114,994	76,097	87,309	**58,710**	34,661
Net current assets		**146,922**	217,714	200,575	**47,913**	90,689
Non-current liabilities						
Other payables and accruals	26	**1,466**	1,528	1,547	**–**	–
Lease obligations	31(c)	**66**	159	143	**4**	57
Bank term loans	28	**288,551**	298,985	269,693	**24,777**	25,940
Deferred tax liabilities	18	**–**	1,122	1,118	**–**	–
		(290,083)	(301,794)	(272,501)	**(24,781)**	(25,997)
Net assets		**286,463**	237,363	213,941	**136,093**	101,643
Equity attributable to owners of the Company						
Share capital	29	**58,803**	58,803	58,803	**58,803**	58,803
Shareholders' contribution	33	**8,596**	8,596	8,596	**–**	–
Other reserves	30	**(1,474)**	(338)	25	**–**	–
Retained earnings		**220,541**	170,304	146,517	**77,290**	42,840
		286,466	237,365	213,941	**136,093**	101,643
Non-controlling interests		**(3)**	(2)	–	**–**	–
Total equity		**286,463**	237,363	213,941	**136,093**	101,643

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2012

(In Singapore dollars)

	Note	Share capital (Note 29) $'000	Share-holders' contribution $'000	Other reserves (Note 30) $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company						
Balance at 1 January 2011								
– as previously reported		58,803	8,596	25	134,100	201,524	–	201,524
– cumulative effects of adopting FRS 12		–	–	–	12,417	12,417	–	12,417
Restated balance at 1 January 2011		58,803	8,596	25	146,517	213,941	–	213,941
Profit for the year		–	–	–	26,249	26,249	(2)	26,247
Other comprehensive income								
– Foreign currency translation		–	–	(363)	–	(363)	–	(363)
Total comprehensive income for the year		–	–	(363)	26,249	25,886	(2)	25,884
Dividend on ordinary shares	39	–	–	–	(2,462)	(2,462)	–	(2,462)
At 31 December 2011		58,803	8,596	(338)	170,304	237,365	(2)	237,363
Balance at 1 January 2012								
– as previously reported		**58,803**	**8,596**	**(338)**	**157,139**	**224,200**	**(2)**	**224,198**
– cumulative effects of adopting FRS 12		**–**	**–**	**–**	**13,165**	**13,165**	**–**	**13,165**
Restated balance at 1 January 2012		**58,803**	**8,596**	**(338)**	**170,304**	**237,365**	**(2)**	**237,363**
Profit for the year		**–**	**–**	**–**	**52,699**	**52,699**	**(1)**	**52,698**
Other comprehensive income								
– Foreign currency translation		**–**	**–**	**(1,136)**	**–**	**(1,136)**	**–**	**(1,136)**
Total comprehensive income for the year		**–**	**–**	**(1,136)**	**52,699**	**51,563**	**(1)**	**51,562**
Dividend on ordinary shares	39	**–**	**–**	**–**	**(2,462)**	**(2,462)**	**–**	**(2,462)**
At 31 December 2012		**58,803**	**8,596**	**(1,474)**	**220,541**	**286,466**	**(3)**	**286,463**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2012

(In Singapore dollars)

	Note	2012 $'000	2011 $'000
Operating activities			
Profit before tax		**55,321**	31,697
Adjustments:			
Depreciation of fixed assets	11	**246**	282
Dividend income from investee company	5	**(328)**	–
Gain on disposal of fixed assets	5	**–**	(40)
Share of results of associated companies	14	**(333)**	626
Gain from negative goodwill		**(564)**	–
Reversal of foreseeable losses on development properties	7	**–**	(1,000)
Gains from fair value adjustments of investment properties	12	**(42,242)**	(4,400)
Reversal of impairment loss on trade receivables	20	**(367)**	(6)
Interest expense	8(a)	**4,670**	3,072
Interest income	8(b)	**(2,258)**	(2,024)
Unrealised exchange differences		**(229)**	–
Total adjustments		**(41,405)**	(3,490)
Operating cash flows before changes in working capital		**13,916**	28,207
Changes in working capital:			
(Increase)/decrease in development properties		**(21,309)**	2,740
Decrease/(increase) in trade receivables		**7,744**	(6,265)
Decrease in other receivables		**70**	43
Decrease in prepayments		**721**	645
(Decrease)/increase in trade payables		**(163)**	3,828
Decrease in other payables and accruals		**(485)**	(3,548)
Increase in amounts due to related parties (non-trade)		**1,550**	–
Increase in amounts due from related parties (trade)		**(194)**	–
Total changes in working capital		**(12,066)**	(2,557)
Cash flows from operations		**1,850**	25,650
Interest received		**2,258**	2,024
Interest paid (including amounts capitalised)		**(8,526)**	(7,654)
Income taxes paid		**(5,625)**	(2,385)
Net cash flows (used in)/from operating activities		**(10,043)**	17,635

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2012

(In Singapore dollars)

	Note	2012 $'000	2011 $'000
Cash flows used in investing activities			
Dividends received from investee company		**328**	–
Proceeds from sale of fixed assets		**–**	180
Proceeds from redemption of preference shares in other investment		**2,075**	–
Advance to investee companies		**(1,500)**	(844)
Advance to associated companies		**(24,548)**	(16,631)
Investment in associated companies		**(569)**	(14,706)
Purchase of fixed assets		**(40)**	(247)
Net cash flows used in investing activities		**(24,254)**	(32,248)
Cash flows from financing activities			
Dividends paid on ordinary shares by the Company	39	**(2,462)**	(2,462)
Decrease in fixed deposits pledged, net		**–**	9,768
Proceeds from loans and borrowings		**29,000**	74,751
Repayment of lease obligations		**(93)**	(105)
Repayment of loans and borrowings		**(10,508)**	(59,142)
Net cash flows from financing activities		**15,937**	22,810
Net (decrease)/increase in cash and cash equivalents		**(18,360)**	8,197
Cash and cash equivalents at beginning of year		**17,172**	8,975
Cash and cash equivalents at end of year	A	**(1,188)**	17,172

A. Cash and cash equivalents

Cash and cash equivalents consist of unpledged fixed deposits, cash and bank balances and bank overdrafts, as follows:

	Note	2012	2011
Fixed deposits		**7,713**	10,513
Cash and bank balances	24	**1,931**	6,659
Bank overdrafts		**(10,832)**	–
Cash and cash equivalents at end of year		**(1,188)**	17,172

Bank overdrafts are included in the determination of cash and cash equivalents because they form an integral part of the Group's cash management.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

1. Corporate information

Heeton Holdings Limited (the "Company") is a limited liability company domiciled and incorporated in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business is located at 60 Sembawang Road, #01-02/03 Hong Heng Mansions, Singapore 779088.

The Company is principally engaged in property development and investment holding. The principal activities of the subsidiaries are as shown in Note 13 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

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

The financial statements are presented in Singapore dollars ($ or SGD) and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 January 2012. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company except as discussed below:

Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets

On 1 January 2012, the Group adopted the Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.2 Changes in accounting policies (Continued)

Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets (Continued)

The Amendments to FRS 12 apply to the measurement of deferred tax liabilities and assets arising from investment properties measured using the fair value model under FRS 40 Investment Property, including investment property acquired in a business combination and subsequently measured using the fair value model. For the purposes of measuring deferred tax, the Amendments introduce a rebuttable presumption that the carrying amount of an investment property measured at fair value will be recovered entirely through sale. The presumption can be rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits over time, rather than through sale.

The Group previously recognised deferred taxes on the changes in fair value of the investment properties on the basis that the carrying amounts of the properties are recovered through use.

The change in accounting policy has been applied retrospectively. The effects of adoption of the Amendments to FRS 12 are as follows:

	Group	
	As at 31.12.2011 $'000 (Restated)	As at 1.1.2011 $'000 (Restated)
(Decrease)/increase in:		
Consolidated balance sheet		
Deferred tax liabilities	(13,165)	(12,417)
Retained earnings	13,165	12,417

	2011 $'000 (Restated)
Consolidated Statement of Comprehensive Income	
Income tax expense	(748)
Profit for the year	748
Increase in basic and diluted earnings per share (cents)	0.34

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.3 Standards issued but not yet effective

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

FRS	Description	Effective for annual periods beginning on or after
FRS 1	Amendments to FRS 1 Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 19	Employee Benefits	1 January 2013
FRS 27	Separate Financial Statements	1 January 2014
FRS 28	Investments in Associates and Joint Ventures	1 January 2014
FRS 110	Consolidated Financial Statements	1 January 2014
FRS 111	Joint Arrangements	1 January 2014
FRS 112	Disclosure of Interest in Other Entities	1 January 2014
FRS 113	Fair Value Measurement	1 January 2013
FRS 107	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
FRS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014
–	Improvements to FRSs 2012	1 January 2013
FRS 110, FRS 111 and FRS 112	Amendments to the transition guidance of FRS 110 Consolidated Financial Statements, FRS 111 Joint Arrangements and FRS 112 Disclosure of Interests in Other Entities	1 January 2014
FRS 110, FRS 112 and FRS 27	Amendments to FRS 110, FRS 111 and FRS 27: Investment Entities	1 January 2014

Except for the Amendments to FRS 1, FRS 110, FRS 111, Revised FRS 28, FRS 112 and FRS 113, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the Amendments to FRS 1, FRS 110, FRS 111, Revised FRS 28, FRS 112 and FRS 113 are described below.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.3 Standards issued but not yet effective (Continued)

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The Amendments to FRS 1 Presentation of Items of Other Comprehensive Income (OCI) is effective for financial periods beginning on or after 1 July 2012.

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

FRS 110 Consolidated Financial Statements

FRS 110 Consolidated Financial Statement is effective for financial periods beginning on or after 1 January 2014.

FRS 110 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 110 will require management to exercise significant judgment to determine which entities are controlled, and therefore are required to be consolidated by the Group, compared with the requirements that were in FRS 27. Therefore, FRS 110 may change which entities are consolidated within a group. The revised FRS 27 was amended to address accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

The Group is currently assessing whether the associated companies incorporated in Thailand (Note 14) meet the requirements under FRS 110 for consolidation, and is currently determining the impact of the changes to control upon adoption of FRS 110 in 2014.

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures are effective for financial periods beginning on or after 1 January 2014.

FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties that have rights to the assets and obligations for the liabilities whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.3 Standards issued but not yet effective *(Continued)*

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures (Continued)

FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

The Group currently applies proportionate consolidation for its joint ventures. Upon adoption of FRS 111, the Group expects the change to equity accounting for these joint ventures will affect the Group's financial statement presentation.

FRS 112 Disclosure of Interests in Other Entities

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

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

FRS 113 Fair Value Measurement

FRS 113 Fair Value Measurement provides a single source of guidance for all fair value measurements. FRS 113 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted by FRS. The Group is currently determining the impact of the guidance on fair value measurement upon adoption of FRS 113 in 2013.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.4 Foreign currency

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

(a) *Functional currency*

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be Singapore Dollars. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in Singapore Dollars.

(b) *Transactions and balances*

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

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

(c) *Consolidated financial statements*

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.4 Foreign currency *(Continued)*

(c) *Consolidated financial statements (Continued)*

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

2.5 Subsidiaries, basis of consolidation and business combinations

(a) *Subsidiaries*

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

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

(b) *Basis of consolidation*

Basis of consolidation from 1 January 2010

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.5 Subsidiaries, basis of consolidation and business combinations *(Continued)*

(b) *Basis of consolidation (Continued)*

Basis of consolidation from 1 January 2010 (Continued)

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

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

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

Basis of consolidation prior to 1 January 2010

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

2. **Summary of significant accounting policies** (Continued)

2.5 Subsidiaries, basis of consolidation and business combinations *(Continued)*

(b) *Basis of consolidation (Continued)*

Basis of consolidation prior to 1 January 2010 (Continued)

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

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

(c) *Business combinations*

Business combinations from 1 January 2010

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.5 Subsidiaries, basis of consolidation and business combinations *(Continued)*

(c) *Business combinations (Continued)*

Business combinations from 1 January 2010 (Continued)

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.13. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations prior to 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.7 Associates

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

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable asset, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

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

The Group's share of the profit or loss of its associates is the profit attributable to equity holders of the associate and, therefore is the profit or loss after tax and non-controlling interests in the subsidiaries of associates.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.7 *Associates (Continued)*

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

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

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

2.8 *Joint venture*

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in the joint venture using the proportionate consolidation method. The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its consolidated financial statements. The joint venture is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on such transactions between the Group and its jointly controlled entity. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

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

Upon loss of joint control, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the former jointly controlled entity upon loss of joint control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.9 Fixed assets

All items of fixed assets are initially recorded at cost. Such cost includes the cost of replacing part of the fixed asset and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying fixed asset. The accounting policy for borrowing costs is set out in Note 2.21. The cost of an item of fixed asset is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repair and maintenance costs are recognised in profit or loss as incurred.

Subsequent to recognition, fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment	–	10 years
Renovations	–	5 to 6 years
Motor vehicles	–	5 to 10 years
Equipment and fixtures	–	3 to 10 years
Furniture and fittings	–	5 to 10 years
Computers	–	3 years

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.10 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease in order to earn rentals or for capital appreciation, or both, rather than for use in the production or 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. Properties held under operating leases are classified as investment properties when the definition of investment properties is met and they are accounted for as finance leases.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for fixed assets set out in Note 2.9 up to the date of change in use.

If a transfer from development property to investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.11 Construction contracts

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably.

The outcome of a construction contract can be estimated reliably when: (i) total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date and the estimated costs to complete.

Contract revenue – Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they are capable of being reliably measured.

Contract costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: site labour costs (including site supervision); costs of materials used in construction; depreciation of equipment used on the contract; costs of design, and technical assistance that is directly related to the contract.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.11 Construction contracts (Continued)

The Group's contracts are typically negotiated for the construction of a single asset or a group of assets which are closely interrelated or interdependent in terms of their design, technology and function. In certain circumstances, the percentage of completion method is applied to the separately identifiable components of a single contract or to a group of contracts together in order to reflect the substance of a contract or a group of contracts.

Assets covered by a single contract are treated separately when:

– Separate proposals have been submitted for each asset.

– Each asset has been subject to separate negotiation and the contractor and customer have been able to accept or reject that part of the contract relating to each asset.

– The costs and revenues of each asset can be identified.

A group of contracts are treated as a single construction contract when:

– The group of contract are negotiated as a single package; the contracts are so closely interrelated that they are, in effect, part of a single project with an overall profit margin.

– The contracts are performed concurrently or in a continuous sequence.

2.12 Development properties

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

The costs of development properties consist of land stated at cost and development expenditure incurred to date. Development expenditure includes finance charges and all expenditure incurred in connection with the development of the properties. Finance charges are not capitalised once the development is completed. A development is considered complete on the date of issue of the temporary occupation permit.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.12 Development properties (Continued)

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of inventory recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

All known or anticipated losses on the development projects are provided for in the year in which such losses are determined.

The Group recognizes revenue and cost on development properties that have been sold using the percentage of completion method. Under the percentage of completion method, profits are recognised only in respect of finalised sales agreements and to the extent that such profits relate to the progress of the construction of development properties. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

2.13 Intangible assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.13 Intangible assets (Continued)

Goodwill (Continued)

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

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.4.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the rates prevailing at the date of acquisition.

2.14 Impairment of non-financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.14 Impairment of non-financial assets *(Continued)*

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

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

2.15 Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.15 Financial assets *(Continued)*

Subsequent measurement (Continued)

(a) Financial assets at fair value through profit or loss (Continued)

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

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

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

(b) Loans and receivables

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.15 Financial assets *(Continued)*

Subsequent measurement (Continued)

(c) Held-to-maturity investments

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

(d) Available-for-sale financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.15 Financial assets *(Continued)*

Derecognition

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

Regular way purchase or sale of a financial asset

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

2.16 Impairment of financial assets

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

(a) *Financial assets carried at amortised cost*

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.16 Impairment of financial assets (Continued)

(a) *Financial assets carried at amortised cost (Continued)*

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

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

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

(b) *Financial assets carried at cost*

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

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks, unpledged fixed deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

Cash and short-term deposits carried in the balance sheets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.15.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.18 Trade and other receivables

Trade and other receivables, including amounts due from subsidiaries and related parties are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated under Note 2.15.

Payment terms granted to customers are in accordance with the progress payment schedule for the purchase of the development properties under construction. Tenants of investment properties are granted payment terms as set out in the respective tenancy agreements.

2.19 Financial liabilities

Initial recognition and measurement

Financial liabilities include trade payables, which are normally settled on 30-90 day terms, other amounts payable, payables to related parties and interest-bearing loans and borrowings.

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

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

Subsequent measurement

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.20 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 in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially 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.

2.21 Borrowing costs

Borrowing costs 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 expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.22 Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.23 Leases

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

(a) *As lessee*

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

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

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

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.25(III). Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.24 Employee benefits

(a) *Defined contribution plans*

The Group makes contribution to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. CPF contributions are recognised as an expense in the period in which the related service is performed.

(b) *Employment leave entitlement*

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

2.25 Revenue

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

I *Sale of completed development property*

A development property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.25 Revenue (Continued)

II *Sale of development property under construction*

Where development property is under construction and agreement has been reached to sell such property when construction is complete, the Directors consider when the contract comprises:

– A contract to construct a property; or
– A contract for the sale of completed property

(a) Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

(b) Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e. revenue is recognised using the completed contract method).

(i) If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses.

(ii) In Singapore context, INT FRS 115 includes an accompanying note on application of INT FRS 115 in Singapore which requires the percentage of completion method of revenue recognition to be applied to sale of private residential properties in Singapore prior to completion of the properties that are regulated under the Singapore Housing Developers (Control and Licensing) Act (Chapter 130) and uses the standard form of sale and purchase agreements (SPAs) prescribed in the Housing Developers Rules. The accompanying note to INT FRS 115 does not address the accounting treatment for other SPAs, including SPAs with a Deferred Payment Scheme feature in the Singapore.

In the above situations (i) and (ii), the percentage of work completed is measured based on the costs incurred up until the end of the reporting periods as a proportion of total costs expected to be incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.25 Revenue *(Continued)*

III *Rental income*

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms on ongoing leases. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

IV *Interest income*

Interest income is recognised as interest accrues using the effective interest method.

V *Rendering of services*

Revenue from provision of services is recognised when these services are rendered.

VI *Dividends*

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

2.26 Taxes

(a) *Current income tax*

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.26 Taxes *(Continued)*

(b) *Deferred tax*

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.26 Taxes *(Continued)*

(b) *Deferred tax (Continued)*

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

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

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

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

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

(c) *Sales tax*

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 Share capital and share issue expenses

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

2.29 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

2. Summary of significant accounting policies (Continued)

2.30 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 balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.31 Related parties

A related party is defined as follows:

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

(i) Has control or joint control over the Company;
(ii) Has significant influence over the Company; or
(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

3. Significant accounting estimates and judgements

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

3.1 Key sources of estimation uncertainty

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

(a) *Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill at 31 December 2012 was $109,000 (2011: $109,000). More details are given in Note 17.

(b) *Impairment of investments and financial assets*

The Group follows the guidance of FRS 39 on determining when an investment or financial asset is other-than-temporary impaired. This determination requires significant judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost; and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The carrying amount of financial assets at the end of the reporting period is disclosed in Note 35 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

3. Significant accounting estimates and judgements (Continued)

3.1 Key sources of estimation uncertainty *(Continued)*

(c) *Revaluation of investment properties*

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine fair value as at 31 December 2012. The two valuation techniques adopted were the Direct Comparison Method and Income Approach Method. The former involves analysing recent sales evidence of similar properties. Adjustments are made to differences in location, age, tenure, floor area, condition, exposure, date of sale, amongst other factors, before arriving at the market value of the property. The latter involves the conversion of the net income of the property into a capital sum at a suitable rate of return which reflects the quality of the investment. The net income is the balance sum after deducting property tax, cost of repairs and maintenance and a reasonable percentage for vacancy from the gross rent. The value of the property is arrived at by capitalising the net rent at a suitable rate of return. The carrying amount of the Group's investment properties at 31 December 2012 was $334,600,000 (2011: $250,800,000).

(d) *Estimation of net realisable value of development property*

Development properties are stated at the lower of cost and net realisable value.

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale. The carrying amount of development properties at the end of the reporting period is disclosed in Note 19 to the financial statements.

(e) *Revenue recognition on development property under construction*

The Group recognises revenue for pre-completion sales of certain types of properties by reference to the stage of completion using the percentage of completion method. The stage of completion is measured based on the costs incurred up until the end of the reporting periods as a proportion of total costs expected to be incurred. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that affect the stage of completion and the revenue respectively. In making these estimates, management has relied on past experience and knowledge of the project engineers. The carrying amounts of assets as well as the revenue from sale of development property (recognised on percentage of completion basis) are disclosed in Note 19 (Development Properties) and 4 (Revenue) to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

3. Significant accounting estimates and judgements (Continued)

3.2 Judgements made in applying accounting policies

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

(a) *Operating lease commitments – As lessor*

The Group has entered into commercial property leases on its investment and leasehold property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

(b) *Provision of foreseeable losses on development properties*

The Group's accounting policy on development properties requires all known or anticipated losses on the development projects to be provided for in the year in which such losses are determined. Estimating such losses requires the Group to make an estimate of the expected selling price of the unsold development properties based on recent transactions or open market valuation of the unsold units. The Group also estimates the total development costs to determine the extent of the anticipated losses, if any. Changes in the estimated selling price of the development properties due to market conditions and revisions of the total estimated development costs will therefore impact the anticipated losses recognised, and therefore provision for foreseeable losses on development properties could be revised. The Group's has not recognised any provision of foreseeable losses on development properties during the year (2011: $Nil).

(c) *Income taxes*

The Group's exposure to income taxes mainly arises from Singapore. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables and deferred tax liabilities at 31 December 2012 was $3,787,000 (2011: $5,612,000) and $Nil (2011: $1,122,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2012

(In Singapore dollars)

3. Significant accounting estimates and judgements (Continued)

3.2 Judgements made in applying accounting policies *(Continued)*

(d) *Classification of property*

The Group determines whether a property is classified as investment property or development property:

– Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income or for capital appreciation, or both.

– Development property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.

4. Revenue

	Group	
	2012	2011
	$'000	$'000
Revenue from sale of development properties (recognised on completed contract basis)	**16,146**	32,730
Revenue from sale of development properties (recognised on percentage of completion basis)	**15,653**	29,989
Total revenue from sale of development properties	**31,799**	62,719
Rental and related income from investment properties	**20,601**	19,676
Management fees income	**117**	105
	52,517	82,500

5. Other operating income

	Group	
	2012	2011
	$'000	$'000
Dividend income from investee company	**328**	–
Forfeiture of deposits	**4**	28
Tentage and other rental	**242**	258
Gain on disposal of fixed assets	**–**	40
Management fees income from associated companies	**384**	174
Others	**251**	228
	1,209	728

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

6. Personnel expenses

	Group	
	2012	2011
	$'000	$'000
Salaries and bonuses	**2,941**	3,263
Central Provident Fund contributions	**254**	275
Other staff costs	**70**	53
	3,265	3,591

Personnel expenses include directors' remuneration as stated in Note 7.

7. Profit from continuing operations

Profit from continuing operations is determined after charging/(crediting) the following:

	Group	
	2012	2011
	$'000	$'000
Audit fees paid to:		
– auditors of the Company	**156**	150
Non-audit fees paid to:		
– auditors of the Company	**145**	82
– other auditors	**25**	20
Depreciation of fixed assets	**246**	282
Directors' remuneration		
– directors of the Company	**1,214**	1,640
– directors of subsidiaries	**190**	157
Directors' fees		
– directors of the Company	**373**	372
– directors of subsidiaries	**33**	33
Joint venture's directors' fees	**125**	125
Gains from fair value adjustments of investment properties	**(42,242)**	(4,400)
Reversal of foreseeable losses on development properties	**–**	(1,000)
Reversal of impairment loss on trade receivables, net	**(367)**	(6)
Building repairs and maintenance	**1,871**	1,184
Property tax	**1,790**	1,737
Sales and marketing expenses	**1,932**	2,932
Operating lease expenses	**303**	303

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

8. Finance expenses/(income)

	Note	Group 2012 $'000	Group 2011 $'000
(a) ***Finance expenses***			
Interest expense on:			
– bank loans		**8,295**	7,508
– bank overdrafts		**249**	92
– lease obligations		**7**	8
– fair value adjustment on security deposits		**(25)**	46
		8,526	7,654
Less: Interest capitalised in development properties	19	**(3,856)**	(4,582)
		4,670	3,072
(b) ***Finance income***			
Interest income from loans and receivables:			
– fixed deposits		**(16)**	(37)
– loans to associated companies		**(2,057)**	(1,734)
– loans to investee companies		**(60)**	(43)
– others		**(125)**	(210)
		(2,258)	(2,024)

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2012 and 2011 are:

	Group 2012 $'000	Group 2011 $'000 (Restated)
Statement of comprehensive income:		
Current income tax:		
– Current year	**3,495**	5,554
– Under/(over) provision in respect of previous years	**305**	(108)
	3,800	5,446
Deferred income tax:		
– Current year – origination and reversal of temporary differences	**(1,279)**	(43)
– Under provision in respect of previous years	**102**	47
	(1,177)	4
Income tax expense recognised in profit or loss	**2,623**	5,450

NOTES TO THE FINANCIAL STATEMENTS
31 December 2012

(In Singapore dollars)

9. Income tax expense (Continued)

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2012 and 2011 are as follows:

	Group	
	2012	2011
	$'000	$'000
		(Restated)
Accounting profit before tax	**55,321**	31,697
Taxation at statutory tax rate of 17% (2011: 17%)	**9,405**	5,388
Adjustments:		
Non-deductible expenses	**106**	180
Income not subject to taxation	**(7,220)**	(1,009)
Effect of tax rebate and partial tax exemption	**(177)**	(187)
Benefits from previously unrecognised tax losses	**(123)**	–
Deferred tax assets not recognised	**172**	902
Under/(over) provision in respect of previous years	**407**	(61)
Share of results of associated companies	**(153)**	107
Tax losses not allowed to be carried forward	**200**	130
Others	**6**	–
Income tax expense recognised in profit or loss	**2,623**	5,450

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

10. Earnings per share

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

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

As there were no share options and warrants granted during the year and no share options and warrants outstanding as at the end of the financial year, the basic and fully diluted earnings per share are the same.

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

	Group	
	2012	2011
	$'000	$'000
		(Restated)
Profit for the year attributable to owners of the Company used in the computation of basic earnings per share and diluted earnings per share	**52,699**	26,249
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for basic earnings per share and diluted earnings per share computation	**223,846**	223,846

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

11. Fixed assets

	Plant and equipment $'000	Renovations $'000	Motor vehicles $'000	Equipment and fixtures $'000	Furniture and fittings $'000	Computers $'000	Total $'000
Group							
Cost:							
At 1 January 2011	3,367	1,199	690	288	316	186	6,046
Additions	–	–	330	1	–	75	406
Disposal	–	(13)	(324)	(8)	(20)	(24)	(389)
At 31 December 2011 and 1 January 2012	3,367	1,186	696	281	296	237	6,063
Additions	–	–	–	–	4	36	40
Disposal	–	–	–	–	–	(3)	(3)
At 31 December 2012	**3,367**	**1,186**	**696**	**281**	**300**	**270**	**6,100**
Accumulated depreciation:							
At 1 January 2011	3,348	1,004	247	287	296	141	5,323
Charge for the year	–	77	139	8	25	33	282
Disposal	–	(7)	(184)	(14)	(25)	(19)	(249)
At 31 December 2011 and 1 January 2012	3,348	1,074	202	281	296	155	5,356
Charge for the year	–	71	130	–	4	41	246
Disposal	–	–	–	–	–	(3)	(3)
At 31 December 2012	**3,348**	**1,145**	**332**	**281**	**300**	**193**	**5,599**
Net book value:							
At 31 December 2012	**19**	**41**	**364**	**–**	**–**	**77**	**501**
At 31 December 2011	19	112	494	–	–	82	707

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

11. Fixed assets (Continued)

	Renovations $'000	Equipment and fixtures $'000	Furniture and fittings $'000	Computers $'000	Motor vehicles $'000	Total $'000
Company						
Cost:						
At 1 January 2011	12	71	18	153	324	578
Additions	–	–	–	69	330	399
Disposal	–	–	–	–	(324)	(324)
At 31 December 2011 and 1 January 2012	12	71	18	222	330	653
Additions	–	–	–	35	–	35
Disposal	–	–	–	(2)	–	(2)
At 31 December 2012	**12**	**71**	**18**	**255**	**330**	**686**
Accumulated depreciation:						
At 1 January 2011	12	70	18	106	179	385
Charge for the year	–	1	–	32	66	99
Disposal	–	–	–	–	(184)	(184)
At 31 December 2011 and 1 January 2012	12	71	18	138	61	300
Charge for the year	–	–	–	39	66	105
Disposal	–	–	–	(2)	–	(2)
At 31 December 2012	**12**	**71**	**18**	**175**	**127**	**403**
Net book value:						
At 31 December 2012	**–**	**–**	**–**	**80**	**203**	**283**
At 31 December 2011	–	–	–	84	269	353

Assets held under finance leases

During the financial year, the Group acquired motor vehicles with an aggregate cost of $Nil (2011: $330,000) by means of finance leases. The cash outflow on acquisition amounted to $Nil (2011: $171,000).

As at 31 December 2012, the Group and Company had motor vehicles under finance leases with a net book value of approximately $343,000 and $203,000 (2011: $464,000 and $269,000), respectively.

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

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

12. Investment properties

The investment properties held by the Group and Company as at 31 December are:

Description and location	Existing use	Tenure	Unexpired lease term	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
(a) Tampines Mart (Block 5, 7, 9, 11 Tampines Street 32)	Shops	Leasehold	80 years	**98,000**	93,000	**–**	–
(b) Sun Plaza (30 Sembawang Drive)	Shops	Leasehold	83 years	**125,000**	125,000	**–**	–
(c) The Woodgrove (30 Woodlands Avenue 1)	Shops	Leasehold	83 years	**29,000**	27,000	**–**	–
(d) 62 Sembawang Road	Transport facility	Freehold	Estate in perpetuity	**6,600**	5,800	**–**	–
(e) El Centro (11 Kee Seng Street)	Apartment units and shop unit	Freehold	Freehold	**76,000**	–	**76,000**	–
				334,600	250,800	**76,000**	–

The movement in investment properties is as follows:

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Balance sheet				
Balance as at beginning of year	**250,800**	246,400	**–**	–
Transfer from development property	**39,187**	–	**39,187**	–
Additions (subsequent expenditure)	**2,371**	–	**2,371**	–
Net gains from fair value adjustments recognised in:				
– Statement of comprehensive income	**42,242**	4,400	**34,442**	–
Balance as at end of year	**334,600**	250,800	**76,000**	–

In 2012, the Group and the Company transferred one property that was held as development property to investment property, due to a change in the Group's strategy to hold the property for rental and capital appreciation.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

12. Investment properties (Continued)

	Group	
	2012	2011
	$'000	$'000
Statement of comprehensive income:		
Rental income from investment properties:		
– Minimum lease payments	**20,601**	19,674
– Contingent rent based on tenant's turnover	**–**	2
	20,601	19,676
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties	**4,244**	3,677

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2012 and 31 December 2011. The valuations were performed by CB Richard Ellis (Pte) Ltd and Colliers International Consultancy & Valuation (Singapore) Pte Ltd, independent valuers with recognised and relevant professional qualifications and with recent experience in the location and category of the properties being valued. The valuations are based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market.

Investment property (b) is held by a joint venture company. The amount disclosed represents the Group's proportionate share of the carrying value of the investment property.

All the above investment properties are mortgaged to banks to secure banking facilities granted to the Group (Notes 27 and 28).

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31 December 2012

(In Singapore dollars)

13. Subsidiaries

(a) Investment in subsidiaries comprise:

	Company 2012 $'000	Company 2011 $'000
Unquoted equity shares, at cost	**33,481**	33,481
Less: Impairment losses	**(1,811)**	(1,891)
Carrying amount of investments	**31,670**	31,590

Movement of impairment losses:

	2012 $'000	2011 $'000
At beginning of year	**1,891**	1,891
Write back of impairment losses	**(80)**	–
At end of year	**1,811**	1,891

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2012 %	Equity interest held by the Group 2011 %	Cost of investment by the Company 2012 $'000	Cost of investment by the Company 2011 $'000
	Held by the Company					
*	Heeton Estate Pte Ltd (Singapore)	Property investment holding	**100**	100	**22,962**	22,962
*	Market Investment Pte Ltd (Singapore)	Currently dormant	**100**	100	**1,626**	1,626
*	Market Holdings Pte Ltd (Singapore)	Currently dormant	**100**	100	**4,438**	4,438
*	Heeton Venture (Overseas) Pte. Ltd. (Singapore)	Investment holding	**100**	100	**99**	99
*	Heeton Land Pte. Ltd. (Singapore)	Property development and property investment holding	**100**	100	**976**	976

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

13. Subsidiaries (Continued)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2012 %	2011 %	Cost of investment by the Company 2012 $'000	2011 $'000
	Held by the Company (Continued)					
*	Heeton Management Pte Ltd (Singapore)	Provision of administrative and management services	**100**	100	**45**	45
*	Heeton Properties Pte. Ltd. (Singapore)	Investment holding and leasing agent	**100**	100	**2,335**	2,335
*	Heeton Venture (Asia) Pte. Ltd. (Singapore)	Investment holding	**100**	100	**–@**	–@
*	Heeton Venture (China) Pte. Ltd. (Singapore)	Investment holding	**100**	100	**–@**	–@
*	Heeton Residence Pte. Ltd. (Singapore)	Property development and investment holding	**100**	100	**1,000**	1,000
*	Heeton Homes Pte. Ltd. (Singapore)	Investment holding	**100**	100	**–@**	–@
*	Heeton Capital Pte. Ltd. (Singapore)	Property development and investment holding	**100**	100	**–@**	–@
*	MHP Pte. Ltd. (Singapore)	Investment holding	**100**	100	**–@**	–@
*###	Unique Rezi Pte. Ltd. (Singapore)	Property development	**–**	100	**–**	–@

NOTES TO THE FINANCIAL STATEMENTS
31 December 2012

(In Singapore dollars)

13. Subsidiaries (Continued)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2012 %	2011 %	Cost of investment by the Company 2012 $'000	2011 $'000
	Held through subsidiaries					
*	Kim Leong Development Pte Ltd (Singapore)	Currently dormant	**83.56**	83.56	**–**	–
*	Heeton Realty Pte. Ltd. (Singapore)	Property development	**100**	100	**–**	–
**	Zain Joy Holdings Limited (British Virgin Islands)	Property development	**100**	100	**–**	–
**	General Wealth Holdings Limited (British Virgin Islands)	Property development	**100**	100	**–**	–
**	Chatteris Developments Limited (British Virgin Islands)	Property development	**100**	–	**–**	–
					33,481	33,481

* Audited by Ernst & Young LLP, Singapore.

** Not required to be audited.

@ $2 comprising two subscriber shares of $1 each.

On 10 April 2012, the Group has signed an agreement with third parties for acquiring equity interest in Unique Rezi Pte. Ltd.. Pursuant to the MOU, the Group holds 42% interest in the share capital of Unique Rezi Pte. Ltd.. Accordingly, Unique Rezi Pte. Ltd. has become an associated company of the Group as at 31 December 2012 (previously a wholly-owned subsidiary as at 31 December 2011).

Impairment testing of investment in subsidiaries

As at 31 December 2012, the Company has recognised accumulated impairment losses on investment in subsidiaries amounting to $1,811,000 (2011: $1,891,000). During the financial year, a write-back of impairment loss of $80,000 (2011: $Nil) was made as there was indication that previously recognised impairment losses no longer existed or decreased.

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14. Associated companies

Investment in associated companies comprise:

	Group	
	2012	2011
	$'000	$'000
Unquoted equity shares, at cost	**20,003**	19,434
Share of results	**(2,968)**	(3,682)
Exchange differences	**(281)**	(274)
	16,754	15,478
Amount due from associated companies	**75,006**	51,042
Exchange differences	**–**	(64)
Carrying amount of investments	**91,760**	66,456

Amount due from associated companies is unsecured and is to be settled in cash. This amount has no fixed terms of repayment and is not expected to be repaid within the next 12 months.

Amount due from associated companies amounting to $12,129,000 (2011: $12,832,000) is interest free (2011: bears interest at 5% per annum) and denominated in Thai Baht. Amount due from associated companies amounting to $62,877,000 (2011: $38,210,000) is denominated in Singapore Dollars, and includes an amount of $55,220,000 (2011: $32,915,000) which bears interest at 5% (2011: 5%) per annum.

The Group has not recognised losses relating to Dalvey Estate Co., Limited where its share of losses exceeds the Group's interest in this associate. The Group has not recognised its share of the current year profit of $21,000 (2011: share of loss of $123,000) relating to Dalvey Estate Co., Limited as the Group's cumulative share of unrecognised losses with respect to that associate was $799,000 (2011: $862,000). The Group has no obligation in respect of these losses.

The Group has not recognised losses relating to Dalvey Holdings Co., Limited where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was $1,607,000 (2011: $1,188,000), of which $662,000 (2011: $1,071,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

The Group has not recognised losses relating to Dalvey Residence Co., Limited where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was $1,102,000 (2011: $1,004,000), of which $91,000 (2011: $273,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

The Group has not recognised losses relating to Unique Realty Pte. Ltd. where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was $328,000 (2011: $Nil), of which $328,000 (2011: $Nil) was the share of the current year's losses. The Group has no obligation in respect of these losses.

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(In Singapore dollars)

14. Associated companies (Continued)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Group	
			2012	2011	**2012**	2011
			%	%	**$'000**	$'000
	Held through subsidiaries					
*	Jiujiang Heeton Enterprise Ltd (China)	Property development	**30.00**	30.00	**4,101**	4,101
***	KSH (China) Venture Pte. Ltd. (Singapore)	Property development and investment holding	**20.00**	20.00	**200**	200
**	Dalvey Estate Co., Ltd (Thailand)	Property development	**38.98**	38.98	**65**	65
**	Dalvey Residence Co., Ltd (Thailand)	Property development and investment holding	**38.98**	38.98	**65**	65
**	Dalvey Holdings Co., Ltd (Thailand)	Investment holding	**49.00**	49.00	**47**	47
***	Residenza Pte. Ltd. (Singapore)	Property development	**36.00**	36.00	**360**	360
***	Unique Realty Pte. Ltd. (Singapore)	Property development	**40.00**	40.00	**400**	400
***	Unique Consortium Pte. Ltd. (Singapore)	Investment holding	**35.00**	35.00	**350**	350
***	Unique Capital Pte. Ltd. (Singapore)	Investment holding	**40.00**	40.00	**400**	400
***	Unique Development Pte. Ltd. (Singapore)	Property development	**45.00**	45.00	**450**	450
*** ###	Unique Rezi Pte. Ltd. (Singapore)	Investment holding	**42.00**	–	**420**	–

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(In Singapore dollars)

14. Associated companies (Continued)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2012 %	2011 %	Cost of investment by the Group 2012 $'000	2011 $'000
	Held through subsidiaries (Continued)					
***	Unique Resi Estate Pte. Ltd. (Singapore)	Property development	**30.00**	–	**300**	–
##	Unique Wellness Pte. Ltd. (Singapore)	Property development	**20.00**	–	**–**@@	–
**@	Dalvey Hospitality Co., Ltd (Thailand)	Investment holding	**73.99**	73.99	**21**	21
****@	Econolodge Co., Ltd. (Thailand)	Hotel operation and property investment holding	**86.74**	86.74	**12,824**	12,975
	Held through Dalvey Holding Co., Ltd					
**	Dalvey Park Co., Ltd (Thailand)	Investment holding	**48.99**	48.99	**–**	–
	Held through Dalvey Residence Co., Ltd					
**	G.E.T. Realty Co. Ltd (Thailand)	Property development and property investment holding	**38.98**	38.98	**–**	–
	Held through Dalvey Park Co., Ltd					
**	Dalvey Place Co., Ltd (Thailand)	Property development and property investment holding	**48.99**	48.99	**–**	–
**	Click Development Co., Ltd (Thailand)	Property development and property investment holding	**48.99**	48.99	**–**	–
**	Dalvey Homes Co., Ltd (Thailand)	Property development	**48.99**	48.99	**–**	–

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(In Singapore dollars)

14. Associated companies (Continued)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2012 %	2011 %	Cost of investment by the Group 2012 $'000	2011 $'000
	Held through Unique Consortium Pte. Ltd.					
#	Oxley Viva Pte. Ltd. (Singapore)	Property development	**12.25**	12.25	**–**	–
#	Oxley YCK Pte. Ltd. (Singapore)	Property development	**12.25**	–	**–**	–
	Held through Unique Rezi Pte. Ltd.					
#	Oxley Sanctuary Pte Ltd (Singapore)	Property development	**12.60**	–	**–**	–
	Held through Unique Capital Pte. Ltd.					
***	Mountbatten Edge Pte. Ltd. (Singapore)	Property investment holding	**16.00**	16.00	**–**	–
					20,003	19,434

* Audited by Jiangxi Zhongshen Certified Public Accountants.
** Audited by Horwath (Thailand) Limited.
*** Audited by Ernst & Young LLP, Singapore.
**** Audited by member firm of Ernst & Young Global in Thailand.
# Audited by RSM Chio Lim LLP, Singapore.
Not required to be audited under Companies Act.
See Note 13 for more details.
@ Classified as associated companies based on voting power which does not constitute control.
@@ $1 comprising one subscriber share.

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31 December 2012

(In Singapore dollars)

14. Associated companies (Continued)

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

	2012	2011
	$'000	$'000
Assets and liabilities		
Total assets	**455,093**	371,723
Total liabilities	**440,128**	356,740
Results		
Revenue	**48,715**	7,296
Profit/(Loss) for the year, net	**310**	(6,654)

Acquisition of an associated company

On 15 November 2011 (the "acquisition date"), the Group's wholly-owned subsidiary company, MHP Pte. Ltd., and 73.99% owned associated company, Dalvey Hospitality Co., Ltd, acquired 49% and 51% equity interests respectively in Econolodge Co., Ltd. ("Econolodge"), a hotel operation in Pattaya, Thailand. Upon the acquisition, Econolodge became an 86.74% owned associated company of the Group.

The Group has acquired Econolodge in order to expand its presence in Thailand.

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(In Singapore dollars)

14. Associated companies (Continued)

The fair value of the identifiable assets and liabilities of Econolodge as at the acquisition date were:

	Fair value on acquisition date $'000
Property, plant and equipment (hotel)	20,704
Property, plant and equipment (others)	169
Intangible assets	136
Deposits	17
Trade receivables	186
Inventories	130
Cash and cash equivalents	117
Other current assets	73
	21,532
Trade payables	(134)
Accrued expenses	(349)
Current portion of long term loans	(3,890)
Bank overdrafts	(41)
Other liabilities	(224)
	(4,638)
Total identifiable net assets at fair value	16,894
Less:	
Consideration transferred for the acquisition of Econolodge	
Cash paid	(16,243)
Negative goodwill	651
Group's proportionate share of negative goodwill based on Group's interest	564

The fair value of the property, plant and equipment (hotel) is based on a valuation performed by 15 Business Advisory Limited, an independent valuer with recognised and relevant professional qualifications with recent experience in the location and category of the property being valued.

In 2012, upon finalisation of the purchase price allocation assessment, negative goodwill of $564,000 arising from the lower consideration paid for Econolodge compared to the fair value of identifiable assets and liabilities at date of acquisition was recognised. The negative goodwill arising from this acquisition was not adjusted on a retrospective basis as it was not material.

The Group's cumulative share of profit in Econolodge was $333,000 (2011: $71,000), of which $262,000 (2011: $71,000) was the share of the current year's profits.

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(In Singapore dollars)

15. Joint venture companies

Investment in joint venture companies comprises:

	Company 2012 $'000	Company 2011 $'000
Unquoted equity shares, at cost	**5,000**	5,000

Details of the joint venture companies are as follows:

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2012 %	Equity interest held by the Group 2011 %	Cost of investment by the Company 2012 $'000	Cost of investment by the Company 2011 $'000
*	Canberra Development Pte Ltd (Singapore)	Property investment holding	**50**	50	**5,000**	5,000
	Held through subsidiaries					
*	Buildhome Pte. Ltd. (Singapore)	Property development	**50**	50	**–**	–
*	Phileap Pte. Ltd. (Singapore)	Property development	**25**	25	**–**	–
					5,000	5,000

* Audited by Ernst & Young LLP, Singapore.

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31 December 2012

(In Singapore dollars)

15. Joint venture companies (Continued)

The aggregate amounts of each of the Group's share of the joint venture companies' results, assets and liabilities are as follows:

	2012 $'000	2011 $'000
Statement of comprehensive income		
Revenue	**24,848**	66,169
Expenses	**21,120**	46,319
Assets and liabilities		
Non-current assets	**125,058**	125,006
Current assets	**124,614**	139,626
Total assets	**249,672**	264,632
Current liabilities	**56,052**	32,749
Non-current liabilities	**140,199**	184,386
Total liabilities	**196,251**	217,135

16. Other investments

	Group	
	2012 $'000	2011 $'000
Equity instruments (unquoted), at cost	**218**	2,388
Amounts due from investee companies (non-trade)	**2,373**	975
	2,591	3,363

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

16. Other investments (Continued)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2012 %	Equity interest held by the Group 2011 %	Cost of investment by the Group 2012 $'000	Cost of investment by the Group 2011 $'000
*	Panareno Sdn Bhd (Malaysia)	Property development	**15**	15	**16**	2,288
**	Development 26 Pte. Ltd. (Singapore)	Property development	**10**	10	**100**	100
**	Development 32 Pte. Ltd. (Singapore)	Property development	**10**	–	**100**	–
***	Unique Commercial Pte. Ltd. (Singapore)	Property development	**15**	–	**2**	–
					218	2,388

* Audited by Messrs Cheong & Co.
** Audited by Ernst & Young LLP, Singapore.
*** Audited by Deloitte & Touche LLP, Singapore.

During the year, the Group redeemed 5,120,250 (2011: Nil) redeemable preference shares of RM0.01 each at a premium of RM0.99 amounting to $2,272,000 (2011: $Nil).

Amounts due from investee companies of $2,373,000 (2011: $975,000) are unsecured, bear interest at 0.25% above the local banks' prime rate per annum and are to be settled in cash. These amounts have no fixed terms of repayments and are not expected to be repaid within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

17. Intangible assets

	Goodwill $'000
Group	
Cost:	
At 1 January 2011, 31 December 2011, 1 January 2012 and 31 December 2012	175
Accumulated impairment:	
At 1 January 2011, 31 December 2011, 1 January 2012 and 31 December 2012	66
Net carrying amount:	
At 31 December 2011 and 31 December 2012	109

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated for impairment testing purposes to the individual entity which is also the cash-generating unit ("CGU").

Allocated goodwill based on the CGU is as follows:

	Carrying amount as at		Basis on which recoverable amount is determined	Pre-tax discount rate
	2012 $'000	2011 $'000		
Heeton Estate Pte Ltd	**109**	109	Value-in-use	10%

A summary of goodwill allocated to the reportable segments to which this CGU belongs is presented below:

	Property investment $'000
Net carrying amount:	
At 31 December 2012	**109**
At 31 December 2011	109

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

17. Intangible assets (Continued)

Impairment testing of goodwill (Continued)

The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management covering a 5-year period. The pre-tax discount rates applied to the cash flow projections are derived from the cost of capital plus a reasonable risk premium at the date of assessment of the cash generating unit. The growth rate during the forecast period has been conservatively assumed to be zero in the absence of a reliable average growth rate for the industry in which the entity operates.

No impairment loss was required for the financial years ended 31 December 2012 and 2011 as the amount of discounted net cash inflows attributable to the CGU was in excess of the carrying amount of the goodwill.

18. Deferred tax assets/(liabilities)

Deferred tax assets and liabilities arose as a result of:

	Group		
	31.12.2012	31.12.2011	1.1.2011
	$'000	$'000	$'000
		(Restated)	(Restated)
Deferred tax assets			
Differences in depreciation	**8**	8	8
Provisions	**55**	–	–
	63	8	8
Deferred tax liabilities			
Attributable profit on development property	**–**	(1,122)	(1,118)
	–	(1,122)	(1,118)

	Company	
	2012	2011
	$'000	$'000
Deferred tax assets		
Differences in depreciation	**8**	8

As at 31 December 2012, the Group had unutilised tax losses of approximately $4,329,000 (2011: $4,756,000) available for offset against future taxable income, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the Inland Revenue Authority of Singapore and compliance with the relevant provisions of the Singapore Income Tax Act.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

18. Deferred tax assets/(liabilities) (Continued)

Tax consequences of proposed dividends

There are no income tax consequences (2011: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 39).

19. Development properties

	Group		Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Cost of land	**212,070**	221,145	**–**	24,346
Interest capitalised	**29,514**	30,251	**–**	3,312
Development and related costs	**79,062**	86,490	**–**	12,220
	320,646	337,886	**–**	39,878
Attributable profit/(loss) recognised	**31,543**	35,398	**–**	(111)
	352,189	373,284	**–**	39,767
Progress billings	**(103,001)**	(107,703)	**–**	(580)
	249,188	265,581	**–**	39,187
Interest capitalised during the year	**3,856**	4,582	**–**	–

Movements in provision for foreseeable losses during the year are as follows:

Balance at beginning of year	**–**	1,000	**–**	–
Reversal of provision	**–**	(1,000)	**–**	–
At end of year	**–**	–	**–**	–

(i) As at the end of financial year, borrowing costs of $29,514,000 (2011: $30,251,000), arising from borrowings obtained specifically for the development properties were capitalised. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation range from 1.24% to 4.02% (2011: 1.24% to 5.75%).

(ii) Development properties amounting to $246,107,000 (2011: $265,581,000) under development have been pledged as security for bank loans (Notes 27 and 28).

(iii) A property, El Centro at 11 Kee Seng Street, had been transferred from development property to investment property during the year in view of change in management's strategy on the future usage of the property (Note 12).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

19. Development properties (Continued)

The development properties held by the Group (excluding associated companies) as at 31 December 2012 are:

Name and Location	Percentage held (%)	Tenure	Proposed Development	Development	Approximate Land Area (sq m)	Gross Floor Area (sq m)	Estimated stage of completion as at date of annual report (%) (Expected year of completion)
The Lumos at No. 9 Leonie Hill	50	Freehold	Apartment	35-storey apartment with one basement & swimming pool, total 53 units	3,232	9,953	TOP obtained in August 2011
iLiv@Grange at 74 Grange Road	100	Freehold	Apartment	Proposed 1 block of 16-storey residential flats (total 30 units) with basement car park and communal facilities	1,888	4,362	64% (FY2013)
Lincoln Suites at 1/3 Khiang Guan Avenue	25	Freehold	Condominium	Proposed condominium development comprising 2 blocks of 30-storey apartment flat (total 175 units) with provisions for 1 block of 6-deck multi-storey car park, 2 levels of sky terraces, swimming pool and other communal facilities	5,573	16,826	43% (FY2013)
The Britton at 35-37 Cock Lane, London	100	996 years	Apartment	15 exclusive apartments in the heart of London	N/A	943	Completed in Dec 2012
Earlington at 30-31 Philbeach Gardens, London	100	125 years	Apartment	Proposed 14 exclusive apartments in Royal Borough of Kensington and Chelsea	433	751	Obtained planning approval (FY2014)

NOTES TO THE FINANCIAL STATEMENTS
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(In Singapore dollars)

20. Trade receivables

	Group		Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Trade receivables	**2,046**	9,799	**1**	1
Less: Allowance for impairment	**(19)**	(395)	**–**	–
	2,027	9,404	**1**	1

Movements in allowance for impairment during the year are as follows:

	Group		Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
At beginning of year	**395**	401	**–**	–
Reversal for the year	**(367)**	(6)	**–**	–
Written off	**(9)**	–	**–**	–
At end of year	**19**	395	**–**	–

Trade receivables are non-interest bearing and are generally on cash basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Receivables that are past due but not impaired

The Group has trade receivables amounting to $1,975,000 (2011: $1,782,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2012	2011
	$'000	$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	**62**	78
30 to 60 days	**86**	125
61 to 90 days	**10**	21
91 to 120 days	**–**	13
More than 120 days	**1,817**	1,545
	1,975	1,782

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31 December 2012

(In Singapore dollars)

20. Trade receivables (Continued)

Receivables that are impaired

	Group Individually impaired	
	2012	2011
	$'000	$'000
Trade receivables – nominal amounts	**19**	537
Less: Allowance for impairment	**(19)**	(395)
	–	142

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

21. Other receivables

	Group		Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Financial assets				
Deposits	**261**	491	**–**	207
Other receivables	**419**	259	**3**	1
	680	750	**3**	208

22. Amounts due from/to subsidiaries (non-trade)
Amounts due from related parties (trade)
Amounts due to related parties (non-trade)

These balances are unsecured, non-interest bearing and are repayable on demand except for amounts due from subsidiaries of $77,258,000 (2011: $68,295,000) and amounts due to subsidiaries of $22,036,000 (2011: $18,662,000) which bear interest at 3.25% (2011: 3.25%) per annum. These amounts are to be settled in cash.

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(In Singapore dollars)

22. Amounts due from/to subsidiaries (non-trade) Amounts due from related parties (trade) Amounts due to related parties (non-trade) (Continued)

The movement for allowance in impairment of amount due from subsidiaries are as follows:

	Company	
	2012	2011
	$'000	$'000
Amount due from subsidiaries	**111,878**	88,167
Less: Allowance for impairment	**(5,347)**	(4,503)
	106,531	83,664

Movements in allowance for impairment during the year are as follows:

At beginning of year	**(4,503)**	(1,072)
Charge for the year	**(844)**	(3,431)
At end of year	**(5,347)**	(4,503)

Receivables that are impaired

At the end of the reporting period, the Company has provided an allowance of $5,347,000 (2011: $4,503,000) for impairment of receivables from subsidiaries with a nominal amount of $6,525,000 (2011: $6,458,000). These subsidiaries have been suffering financial losses for the current and past financial years.

23. Fixed deposits

The weighted average effective interest rates as at 31 December 2012 for the Group and the Company were 0.22% (2011: 0.30%) and Nil% (2011: 0.21%) respectively.

The fixed deposits of the Group have an average maturity of 66 days (2011: 94 days).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

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24. Cash and bank balances

	Group		Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Cash on hand	**5**	4	**–**	–
Cash at bank	**1,926**	6,655	**68**	277
	1,931	6,659	**68**	277

25. Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

26. Other payables and accruals

	Group		Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Current portion:				
Financial liabilities				
Accrued operating expenses	**2,127**	2,992	**774**	1,384
Rental deposits received	**2,353**	1,852	**–**	–
Other deposits received	**243**	244	**2**	3
Other payables	**361**	263	**30**	24
	5,084	5,351	**806**	1,411
Non-financial liabilities				
Advance rental received	**136**	297	**3**	2
Deferred lease income	**162**	157	**–**	–
	5,382	5,805	**809**	1,413
Non-current portion:				
Financial liabilities				
Rental deposits received	**1,466**	1,528	**–**	–

Other payables are non-interest bearing and have average term of 30 to 90 days.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

27. Short-term bank loans/bank overdrafts

Certain short-term bank loans/bank overdrafts are secured by:

(i) a first legal mortgage on certain investment properties and development properties of the Group;

(ii) corporate guarantee by the Company; and

(iii) legal assignment of all rental and sales proceeds from certain investment properties and development properties.

(a) Short-term bank loans

	Group		Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Secured	**39,705**	25,205	**25,000**	10,000
Unsecured	**7,000**	3,000	**7,000**	3,000
	46,705	28,205	**32,000**	13,000

The Group's short-term loans bear interest at rates ranging from 1.3% to 1.8% (2011: 1.3% to 1.8%) above swap cost, bank's board rate or bank's cost of fund per annum during the year.

The Company's short-term loans bear interest at rates ranging from 1.5% to 1.8% (2011: 1.5% to 1.8%) above SIBOR or bank's cost of fund per annum during the year.

(b) Bank overdrafts

The bank overdrafts bear interest ranging from 0.25% to 1% per annum above the bank's prevailing prime rate.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

28. Bank term loans

Details of bank term loans are as follows:

	Group		Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Secured	**325,936**	325,944	**25,937**	27,059
Repayable:				
– not later than 1 year	**37,385**	26,959	**1,160**	1,119
– 1 year through 5 years	**268,736**	277,848	**4,962**	4,803
– after 5 years	**19,815**	21,137	**19,815**	21,137
	325,936	325,944	**25,937**	27,059

Terms loans are generally secured by:

- first legal mortgage over the investment properties and development properties of the Group or Company;
- legal assignment of all sales and rental proceeds from the investment properties and development properties;
- legal assignment of tenancy, rental, lease and licence agreements;
- legal assignment of construction contract(s) and performance bonds;
- legal assignment of fire insurance policy; and
- corporate guarantee by the Company.

The Group's bank term loans bear interest at rates ranging from 1.125% to 1.875% (2011: 1.125% to 1.85%) above swap cost, bank's board rate or bank's cost of fund per annum during the year.

The Company's bank term loans bear interest at 1.5% (2011: 1.5%) above bank's board rate per annum during the year.

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(In Singapore dollars)

29. Share capital

	Group and Company			
	2012		2011	
	No. of shares		No. of shares	
	'000	**$'000**	'000	$'000
Issued and fully paid ordinary shares:				
At beginning of year and end of year	**223,846**	**58,803**	223,846	58,803

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

30. Other reserves

	Group	
	2012	2011
	$'000	$'000
Foreign currency translation reserve	**(1,474)**	(338)

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

Balance at beginning of year	**(338)**	25
Foreign currency translation	**(1,136)**	(363)
Balance at end of year	**(1,474)**	(338)

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31 December 2012

(In Singapore dollars)

31. Commitments

(a) *Operating lease commitments – as lessee*

As at 31 December 2012, the Group has operating lease commitments in respect of the rental of office premises. These leases have an average tenure of between one to four years with no renewal option or contingent rent provision included in the contracts. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Operating lease payments recognised in the consolidated statement of comprehensive income during the year amount to $303,000 (2011: $303,000).

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2012	2011
	$'000	$'000
Future minimum payments		
– not later than 1 year	**265**	303
– 1 year through 5 years	**562**	827
	827	1,130

(b) *Operating lease commitments – as lessor*

The Group has entered into property leases on its investment properties. These non-cancellable leases have remaining lease terms of between one and ten years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2012	2011
	$'000	$'000
Lease payments receivable		
– not later than 1 year	**15,747**	14,989
– 1 year through 5 years	**9,230**	10,157
– after 5 years	**870**	1,044
	25,847	26,190

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31 December 2012

(In Singapore dollars)

31. Commitments (Continued)

(c) Finance lease commitments

	Total minimum lease payments 2012 $'000	**Present value of payments 2012 $'000**	Total minimum lease payments 2011 $'000	Present value of payments 2011 $'000
Group				
Within one year	**101**	**94**	101	94
After one year but not more than five years	**73**	**66**	173	159
Total minimum lease payments	**174**	**160**	274	253
Less: Amounts representing finance charges	**(14)**	**–**	(21)	–
Present value of minimum lease payments	**160**	**160**	253	253

The Group has finance leases for motor vehicles. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. These leases also do not have terms of renewal, purchase options and escalation clauses. The lease obligations bear effective interest rate ranging from 1.88% to 4.33% (2011: 1.88% to 4.33%) per annum.

	Total minimum lease payments 2012 $'000	**Present value of payments 2012 $'000**	Total minimum lease payments 2011 $'000	Present value of payments 2011 $'000
Company				
Within one year	**56**	**53**	56	53
After one year but not more than five years	**4**	**4**	60	57
Total minimum lease payments	**60**	**57**	116	110
Less: Amounts representing finance charges	**(3)**	**–**	(6)	–
Present value of minimum lease payments	**57**	**57**	110	110

The Company has finance leases for motor vehicles. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. The lease also does not have terms of renewal, purchase options and escalation clauses. The lease obligations bear effective interest rate at 1.88% (2011: 1.88%) per annum.

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31. Commitments (Continued)

(d) Capital commitment

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements for the Group are as follows:

	Group	
	2012	2011
	$'000	$'000
Commitment in relation to investment in jointly controlled entity	**4,800**	4,800

32. Related party transactions

(a) Sale and purchase of goods and services

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

During the year, the Group has engaged a firm of which one of the independent directors of the Company is the chairman, for the provision of marketing and consultancy services for an amount of $244,000 (2011: $633,000). The balance outstanding at the end of the reporting period was $Nil (2011: $83,000).

	Group		Company	
	2012	2011	**2012**	2011
	$'000	$'000	**$'000**	$'000
Income				
Interest income				
– subsidiaries	**–**	–	**3,981**	3,261
– associated companies	**2,057**	1,734	**–**	–
Management fees income				
– a joint venture company	**–**	–	**2,000**	1,000
– subsidiaries	**–**	–	**675**	759
– associated companies	**384**	174	**–**	–
– related party	**41**	41	**–**	–
Rental income from a subsidiary	**–**	–	**1,536**	1,617
Expenses				
Management fee paid to a subsidiary	**–**	–	**444**	324
Interest paid to subsidiaries	**–**	–	**2,403**	997
Interest paid to a joint venture company	**–**	–	**–**	126
Rental paid to related party	**116**	116	**–**	–

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32. Related party transactions (Continued)

(b) Compensation of key management personnel

	Group	
	2012	2011
	$'000	$'000
Short-term employee benefits	**1,633**	2,130
Central Provident Fund contributions	**54**	64
Other short-term benefits	**48**	30
	1,735	2,224
Comprise amounts paid to:		
– Directors of the Company	**1,214**	1,640
– Other key management personnel	**521**	584
	1,735	2,224

33. Shareholders' contribution

In 2010, Heeton Realty Pte. Ltd. became a wholly-owned subsidiary of the Group, upon the exit of the joint venture partner ("JV partner"). The JV partner previously held a 45% interest in Heeton Realty Pte. Ltd.. In 2010, the JV partner had agreed to waive an amount of $8,596,000 of its shareholder loans extended to Heeton Realty Pte. Ltd.. This amount has been classified as "Shareholders' contribution" within the equity of the Group.

34. Contingencies

The Company has provided corporate guarantees to banks and financial institutions of $570,483,000 (2011: $435,168,000) for credit facilities (Notes 27 and 28) taken by its subsidiaries, joint venture companies and associated companies.

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35. Financial instruments

Classification

The table below is an analysis of the carrying amounts of financial instruments by categories as defined in FRS 39 as at 31 December:

		Group		Company	
	Note	**2012**	2011	**2012**	2011
		$'000	$'000	**$'000**	$'000
Loans and receivables					
Trade receivables	20	**2,027**	9,404	**1**	1
Other receivables	21	**419**	259	**3**	1
Deposits	21	**261**	491	**–**	207
Amounts due from investee companies	16	**2,373**	975	**–**	–
Amounts due from subsidiaries (non-trade)	22	**–**	–	**106,531**	83,664
Amounts due from related parties (trade)	22	**198**	4	**–**	–
Fixed deposits	23	**7,713**	10,513	**–**	2,000
Cash and bank balances	24	**1,931**	6,659	**68**	277
		14,922	28,305	**106,603**	86,150
Available-for-sale financial assets					
Other investments	16	**218**	2,388	**–**	–

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(In Singapore dollars)

35. Financial instruments (Continued)

Classification *(Continued)*

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Financial liabilities measured at amortised cost					
Trade and other payables (current)					
Trade payables	25	**9,259**	9,422	**92**	60
Other payables and accruals	26	**5,084**	5,351	**806**	1,411
Amounts due to subsidiaries	22	**–**	–	**215**	86
		14,343	14,773	**1,113**	1,557
Other payables (non-current)					
Other payables and accruals	26	**1,466**	1,528	**–**	–
Total trade and other payables		**15,809**	16,301	**1,113**	1,557
Loans and borrowings (current)					
Amounts due to subsidiaries	22	**–**	–	**22,036**	18,662
Amounts due to related parties (non-trade)	22	**1,550**	–	**1,550**	–
Short-term bank loans	27	**46,705**	28,205	**32,000**	13,000
Bank term loans	28	**37,385**	26,959	**1,160**	1,119
Bank overdrafts	27	**10,832**	–	**493**	–
Lease obligations	31(c)	**94**	94	**53**	53
		96,566	55,258	**57,292**	32,834
Loans and borrowings (non-current)					
Bank term loans	28	**288,551**	298,985	**24,777**	25,940
Lease obligations	31(c)	**66**	159	**4**	57
Total loans and borrowings		**385,183**	354,402	**82,073**	58,831
Total finance liabilities measured at amortised cost		**400,992**	370,703	**83,186**	60,388

NOTES TO THE FINANCIAL STATEMENTS

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35. Financial instruments (Continued)

Fair Value

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonably approximation of fair value

Management has determined that the carrying amounts of cash and bank balances and fixed deposits, current trade and other receivables, bank overdrafts, current trade and other payables, short-term bank loans and bank term loans, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

Non-current bank term loans reasonably approximate their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

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

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

		2012 $'000		2011 $'000	
	Note	**Carrying amount**	**Fair value**	Carrying amount	Fair Value
Group					
Financial assets:					
Equity instruments, at cost	16	**218**	*	2,388	*
Financial liabilities:					
Obligations under finance leases	31(c)	**160**	**174**	253	274
Company					
Financial liabilities:					
Obligations under finance leases	31(c)	**57**	**60**	110	116

* Investment in equity instrument carried at cost (Note 16)

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35. Financial instruments (Continued)

Fair value *(Continued)*

Fair value information has not been disclosed for the Group's investments in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments represent ordinary shares in property development companies in Malaysia and Singapore that is not quoted on any market. The property development companies will be liquidated upon completion of its development property.

Fair value of the obligations under finance leases has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of leasing arrangements.

36. Financial risk management objectives and policies

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

The Group also enters into derivative transactions, including principally interest rate swaps. The purpose is to manage the interest rate risks arising from the Group's operations and sources of financing. There were no such transactions during the current financial year.

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

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

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(In Singapore dollars)

36. Financial risk management objectives and policies (Continued)

(a) Credit risk

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

– the carrying amount of each class of financial assets recognised in the balance sheets; and

– a nominal amount of $570,483,000 (2011: $435,168,000) relating to corporate guarantees provided by the Company to banks/financial institutions on subsidiaries'/joint ventures'/associated companies' credit facilities.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis.

At the end of the reporting period, 100% (2011: 100%) of the Group's trade receivables were due from customers located in Singapore.

Financial assets that are neither past due nor impaired

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

NOTES TO THE FINANCIAL STATEMENTS
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(In Singapore dollars)

36. Financial risk management objectives and policies (Continued)

(b) Liquidity risk

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

The Group's and the Company's liquidity risk management policy is that not more than 30% (2011: 30%) of loans and borrowings (including overdrafts) should mature in the next one year period, and to maintain sufficient liquid financial assets and stand-by credit facilities with three different banks. At the end of the reporting period, approximately 25% (2011: 16%) of the Group's loans and borrowings (Note 35) will mature in less than one year based on the carrying amount reflected in the financial statements.

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

	Note	1 year or less $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Group					
2012					
Financial assets:					
Trade receivables	20	**2,027**	–	–	**2,027**
Other receivables	21	**419**	–	–	**419**
Deposits	21	**261**	–	–	**261**
Amounts due from related parties (trade)	22	**198**	–	–	**198**
Fixed deposits	23	**7,729**	–	–	**7,729**
Cash and bank balances	24	**1,931**	–	–	**1,931**
Other investments	16	–	**3,179**	–	**3,179**
Total undiscounted financial assets		**12,565**	**3,179**	–	**15,744**
Financial liabilities:					
Trade and other payables		**14,343**	**1,466**	–	**15,809**
Loans and borrowings		**103,800**	**277,968**	**27,368**	**409,136**
Total undiscounted financial liabilities		**118,143**	**279,434**	**27,368**	**424,945**
Total net undiscounted financial liabilities		**(105,578)**	**(276,255)**	**(27,368)**	**(409,201)**

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(In Singapore dollars)

36. Financial risk management objectives and policies (Continued)

***(b) Liquidity risk** (Continued)*

	Note	1 year or less $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Group					
2011					
Financial assets:					
Trade receivables	20	9,404	–	–	9,404
Other receivables	21	259	–	–	259
Deposits	21	491	–	–	491
Amounts due from related parties (trade)	22	4	–	–	4
Fixed deposits	23	10,521	–	–	10,521
Cash and bank balances	24	6,659	–	–	6,659
Other investments	16	1,655	1,951	–	3,606
Total undiscounted financial assets		28,993	1,951	–	30,944
Financial liabilities:					
Trade and other payables		14,773	1,528	–	16,301
Loans and borrowings		62,391	289,820	25,584	377,795
Total undiscounted financial liabilities		77,164	291,348	25,584	394,096
Total net undiscounted financial liabilities		(48,171)	(289,397)	(25,584)	(363,152)

NOTES TO THE FINANCIAL STATEMENTS
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(In Singapore dollars)

36. Financial risk management objectives and policies (Continued)

(b) Liquidity risk *(Continued)*

	Note	1 year or less $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Company					
2012					
Financial assets:					
Trade receivables	20	**1**	**–**	**–**	**1**
Other receivables	21	**3**	**–**	**–**	**3**
Amounts due from subsidiaries (non-trade)	22	**108,990**	**–**	**–**	**108,990**
Cash and bank balances	24	**68**	**–**	**–**	**68**
Total undiscounted financial assets		**109,062**	**–**	**–**	**109,062**
Financial liabilities:					
Trade and other payables		**1,113**	**–**	**–**	**1,113**
Loans and borrowings		**60,047**	**8,205**	**27,368**	**95,620**
Total undiscounted financial liabilities		**61,160**	**8,205**	**27,368**	**96,733**
Total net undiscounted financial assets/(liabilities)		**47,902**	**(8,205)**	**(27,368)**	**12,329**
Company					
2011					
Financial assets:					
Trade receivables	20	1	–	–	1
Other receivables	21	1	–	–	1
Deposits	21	207	–	–	207
Amounts due from subsidiaries (non-trade)	22	85,884	–	–	85,884
Fixed deposits	23	2,000	–	–	2,000
Cash and bank balances	24	277	–	–	277
Total undiscounted financial assets		88,370	–	–	88,370
Financial liabilities:					
Trade and other payables		1,557	–	–	1,557
Loans and borrowings		34,677	7,913	25,584	68,174
Total undiscounted financial liabilities		36,234	7,913	25,584	69,731
Total net undiscounted financial assets/(liabilities)		52,136	(7,913)	(25,584)	18,639

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

36. Financial risk management objectives and policies (Continued)

(b) Liquidity risk *(Continued)*

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

	1 year or less $ '000	Total $ '000
Group and Company		
2012		
Financial guarantees	**570,483**	**570,483**
2011		
Financial guarantees	435,168	435,168

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and interest-bearing loans given to related parties, amounts due from investee companies and fixed deposits. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually repriced at intervals of equal or less than 6 months (2011: equal or less than 6 months) from the end of the reporting period.

The Group's policy is to manage interest cost using floating rate debts.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 75 (2011: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $1,614,000 (2011: $1,355,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

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(In Singapore dollars)

36. Financial risk management objectives and policies (Continued)

(c) Interest rate risk *(Continued)*

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

	Note	Within 1 year $'000	1 to 5 years $'000	Total $'000
Group				
2012				
Floating rate				
Bank overdrafts	27	**10,832**	**–**	**10,832**
Short-term bank loans	27	**46,705**	**–**	**46,705**
Bank term loans	28	**37,385**	**288,551**	**325,936**
2011				
Floating rate				
Short-term bank loans	27	28,205	–	28,205
Bank term loans	28	26,959	298,985	325,944
Company				
2012				
Floating rate				
Bank overdrafts	27	**493**	**–**	**493**
Short-term bank loans	27	**32,000**	**–**	**32,000**
Bank term loans	28	**1,160**	**24,777**	**25,937**
2011				
Floating rate				
Short-term bank loans	27	13,000	–	13,000
Bank term loans	28	1,119	25,940	27,059

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months. Interests on financial instruments at fixed rates are fixed until the maturity of the instrument. The other financial instruments of the Group and Company that are not included in the above tables are not subject to material interest rate risks.

NOTES TO THE FINANCIAL STATEMENTS

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36. Financial risk management objectives and policies (Continued)

(d) Foreign currency risk

The Group's foreign currency risk arises mainly from the Group's operations in Thailand, China and London. The results and financial position of foreign operations are translated into SGD as disclosed under Note 2.4(c). Accordingly, the Group's balance sheet may be affected by fluctuations in the exchange rate between Thai Baht ("THB"), Renminbi ("RMB") and Pound Sterling ("GBP") and Singapore dollar. It is not the Group's policy to hedge exposures arising from such translations. The Group's strategy is to fund overseas operations with borrowings denominated in their functional currency as a natural hedge against overseas assets.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are as follows:

	2012	2011
	$'000	$'000
Group		
– Pound Sterling ("GBP")	**255**	–
– United States dollar ("USD")	**13**	19
Company		
– United States dollar ("USD")	**11**	4

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the THB, RMB and GBP exchange rates (against SGD), with all other variables held constant, of the Group's profit net of tax and equity.

		2012		2011	
		Profit net of tax	**Equity**	Profit net of tax	Equity
		$'000	**$'000**	$'000	$'000
THB	– strengthened 3% (2011: 3%)	**8**	**378**	–	476
	– weakened 3% (2011: 3%)	**(8)**	**(378)**	–	(476)
RMB	– strengthened 3% (2011: 3%)	**(1)**	**30**	(1)	32
	– weakened 3% (2011: 3%)	**1**	**(30)**	1	(32)
GBP	– strengthened 3% (2011: 3%)	**(5)**	**433**	–	–
	– weakened 3% (2011: 3%)	**5**	**(433)**	–	–

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

37. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2012 and 31 December 2011.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the equity owners of the Company.

		Group	
	Note	**2012**	2011
		$'000	$'000
			(Restated)
Trade and other payables	35	**15,809**	16,301
Loans and borrowings	35	**385,183**	354,402
Less: Cash and bank balances and fixed deposits		**(9,644)**	(17,172)
Net debt		**391,348**	353,531
Equity attributable to owners of the Company		**286,466**	237,365
Capital and net debt		**677,814**	590,896
Gearing ratio		**58%**	60%

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(In Singapore dollars)

38. Segment information

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

I. The property investment segment is engaged in the leasing of residential, retail and commercial properties.

II. The property development segment is involved in the development and sale of private residential properties.

III. The corporate segment is involved in Group-level corporate services and treasury functions.

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

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

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Geographical information

The Group operates mainly in Singapore and none of its foreign operations' results constitute 10% or more of the Group's total segment results, or own assets amounting to 10% or more of the total assets of all segments.

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

38. Segment information (Continued)

	Property investment $'000	Property development $'000	Corporate $'000	Others $'000	Elimination $'000	Note	Consolidated $'000
31 December 2012							
Revenue:							
Sales to external customers	20,601	31,799	–	117	–		52,517
Inter-segment revenue	1,536	–	4,967	–	(6,503)	A	–
	22,137	31,799	4,967	117	(6,503)		52,517
Results:							
Interest income	62	6	11,702	–	(9,512)	A	2,258
Interest expense	(4,813)	(1,124)	(8,188)	–	9,455	A	(4,670)
Dividend income	2,500	1,800	–	328	(4,300)	A	328
Gains from fair value adjustments of investment properties	42,242	–	–	–	–		42,242
Depreciation of fixed assets	(106)	(74)	(66)	–	–		(246)
Share of profits/(losses) of associates	404	(126)	–	55	–		333
Other non-cash expenses[1]	–	367	–	(95)	95	A	367
Segment profit/(loss) before tax	54,180	2,016	591	–	(1,466)	B	55,321
Assets:							
Investment in associates	14,282	1,209	–	1,263	–		16,754
Additions to non-current assets[2]	42,242	–	40	–	–		42,282
Segment assets	379,249	367,778	260,642	–	(316,129)	C	691,540
Segment liabilities	246,881	377,421	63,906	–	(283,131)	D	405,077

1 Other non cash expenses consists reversal of provision for doubtful debts as presented in the respective notes to the financial statements.

2 Additions to non-current assets consist of additions to fixed assets and gains from fair value adjustments of investment properties.

NOTES TO THE FINANCIAL STATEMENTS

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38. Segment information (Continued)

	Property investment (Restated) $'000	Property development $'000	Corporate $'000	Others $'000	Elimination $'000	Note	Consolidated (Restated) $'000
31 December 2011							
Revenue:							
Sales to external customers	19,676	62,719	–	105	–		82,500
Inter-segment revenue	1,617	–	1,886	–	(3,503)	A	–
	21,293	62,719	1,886	105	(3,503)		82,500
Results:							
Interest income	17	2,773	8,143	–	(8,909)	A	2,024
Interest expense	(4,640)	(485)	(7,059)	–	9,112	A	(3,072)
Dividend income	13,098	3,561	–	–	(16,659)	A	–
Gains from fair value adjustments of investment properties	4,400	–	–	–	–		4,400
Depreciation of fixed assets	(88)	(192)	(2)	–	–		(282)
Share of profits/(losses) of associates	54	(642)	–	(38)	–		(626)
Other non-cash expenses[1]	6	1,000	–	–	–		1,006
Segment profit/(loss) before tax	26,427	19,832	(2,716)	–	(11,846)	B	31,697
Assets:							
Investment in associates	13,450	792	–	1,236	–		15,478
Additions to non-current assets[2]	4,400	–	406	–	–		4,806
Segment assets	295,259	355,774	233,304	–	(269,083)	C	615,254
Segment liabilities	173,638	356,266	82,460	–	(234,473)	D	377,891

1 Other non cash expenses consists of reversal of provision for foreseeable losses and reversal of provision for doubtful debts as presented in the respective notes to the financial statements.

2 Additions to non-current assets consist of additions to fixed assets and gains from fair value adjustments of investment properties.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2012

(In Singapore dollars)

38. Segment information (Continued)

Notes:

A Inter-segment revenue, interest income, interest expense and dividend income are eliminated on consolidation.

B The following items are added to/(deducted from) segment profit to arrive at profit before tax presented in the consolidated statement of comprehensive income:

	2012 **$'000**	2011 $'000
Profit from inter-segment sales	**1,994**	5,236
Dividend income	**(4,300)**	(16,659)
Finance cost	**9,455**	9,112
Finance income	**(9,512)**	(8,909)
Gains from negative goodwill	**564**	–
Share of results of associated companies	**333**	(626)
	(1,466)	(11,846)

C The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated balance sheet.

	2012 **$'000**	2011 $'000
Investment in subsidiaries	**(32,220)**	(32,140)
Investment in associates	**(1,471)**	(2,276)
Investment in joint venture	**(5,750)**	(5,750)
Intangible assets	**109**	109
Development properties	**(1,003)**	(1,127)
Inter-company loans	**(275,794)**	(227,899)
	(316,129)	(269,083)

D The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2012 **$'000**	2011 $'000
Inter-company loans	**(283,131)**	(234,473)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2012

(In Singapore dollars)

39. Dividend

	Group and Company	
	2012	2011
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final exempt (one-tier) dividend for 2011: 1.10 cents (2010: 0.90 cents) per share	**2,462**	2,015
– Interim exempt (one-tier) dividend for 2012: nil cents (2011: 0.20 cents) per share	**–**	447
	2,462	2,462
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
– Final exempt (one-tier) dividend for 2012: 1.30 cents (2011: 1.10 cents) per share	**2,909**	2,462

40. Comparative figures

The effects on adoption of the Amendments to FRS 12 on the comparative figures of the Group are as follows.

	31.12.2011	
	As restated	**As previously reported**
	$'000	$'000
Consolidated balance sheet		
Deferred tax liabilities	1,122	14,287
Retained earnings	170,304	157,139
Consolidated statement of comprehensive income		
Income tax expense	(5,450)	(6,198)
Profit for the year	26,247	25,499
	Cents	Cents
Basic earnings per share	11.73	11.39
Diluted earnings per share	11.73	11.39

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

(In Singapore dollars)

40. Comparative figures (Continued)

	1.1.2011	
	As restated	**As previously reported**
	$'000	$'000
Consolidated balance sheet		
Deferred tax liabilities	1,118	13,535
Retained earnings	146,517	134,100

41. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 28 March 2013.

综合全面收益表

截至2012年12月31日之财政年度

(以新元表示)

	注释	2012 $'000	2011 $'000 （调整后）
持续经营业务			
营业额	4	**52,517**	82,500
出售房地产成本		**(27,414)**	(42,556)
其他营业收入	5	**1,209**	728
人员费用	6	**(3,265)**	(3,591)
固定资产折旧及摊销		**(246)**	(282)
可预见性发展物业亏损转回		**–**	1,000
其他营业费用		**(8,207)**	(8,828)
持续经营业务利润	7	**14,594**	28,971
财务费用	8(a)	**(4,670)**	(3,072)
财务收入	8(b)	**2,258**	2,024
应占联营公司收益／(亏损)	14	**333**	(626)
投资产业公允价值收益	12	**42,242**	4,400
负商誉收益	14	**564**	–
税前利润		**55,321**	31,697
税项	9	**(2,623)**	(5,450)
本年利润		**52,698**	26,247
其他综合收入：			
外币折算		**(1,136)**	(363)
其他综合收入，税后		**(1,136)**	(363)
年度综合收入总额		**51,562**	25,884
年度利润			
归属于：			
公司权益持有人		**52,699**	26,249
非控制性权益		**(1)**	(2)
		52,698	26,247
年度综合收入总额			
归属于：			
公司权益持有人		**51,563**	25,886
非控制性权益		**(1)**	(2)
		51,562	25,884
每股收益（分）			
归属于公司权益持有人			
基本	10	**23.54**	11.73
摊薄	10	**23.54**	11.73

本年报的综合全面收益表以英文和中文同时准备。如中英文版本有任何差异，请以英文版为准。

资产负债表

截至2012年12月31日之财政年度

(以新元表示)

		本集团			本公司	
	注释	**31.12.2012 $'000**	31.12.2011 $'000 （调整后）	1.1.2011 $'000 （调整后）	**31.12.2012 $'000**	31.12.2011 $'000
非流动资产						
固定资产	11	**501**	707	723	**283**	353
投资产业	12	**334,600**	250,800	246,400	**76,000**	–
子公司	13	**–**	–	–	**31,670**	31,590
联营公司	14	**91,760**	66,456	36,108	**–**	–
合营公司	15	**–**	–	–	**5,000**	5,000
其他投资	16	**2,591**	3,363	2,519	**–**	–
无形资产	17	**109**	109	109	**–**	–
递延税项资产	18	**63**	8	8	**8**	8
		429,624	321,443	285,867	**112,961**	36,951
流动资产						
发展产业	19	**249,188**	265,581	262,739	**–**	39,187
应收账款	20	**2,027**	9,404	3,133	**1**	1
其他应收账款	21	**680**	750	797	**3**	208
预付款项		**179**	900	1,541	**20**	13
子公司应付欠款（非贸易）	22	**–**	–	–	**106,531**	83,664
关联方应付欠款（贸易）	22	**198**	4	4	**–**	–
定期存款	23	**7,713**	10,513	16,068	**–**	2,000
现金及银行结存	24	**1,931**	6,659	3,602	**68**	277
		261,916	293,811	287,884	**106,623**	125,350
流动负债						
应付账款	25	**9,259**	9,422	5,594	**92**	60
其他应付款项及应计项目	26	**5,382**	5,805	9,334	**809**	1,413
应付子公司款项（非贸易）	22	**–**	–	–	**22,251**	18,748
应付关联方款项（非贸易）	22	**1,550**	–	–	**1,550**	–
租赁负债	31(c)	**94**	94	56	**53**	53
短期银行贷款	27	**46,705**	28,205	23,805	**32,000**	13,000
定期银行贷款	28	**37,385**	26,959	45,042	**1,160**	1,119
银行透支	27	**10,832**	–	927	**493**	–
应交税费		**3,787**	5,612	2,551	**302**	268
		114,994	76,097	87,309	**58,710**	34,661
净流动资产		**146,922**	217,714	200,575	**47,913**	90,689

资产负债表

截至2012年12月31日之财政年度

(以新元表示)

	注释	本集团 31.12.2012 $'000	本集团 31.12.2011 $'000 (调整后)	本集团 1.1.2011 $'000 (调整后)	本公司 31.12.2012 $'000	本公司 31.12.2011 $'000
非流动负债						
其他应付款项及应计项目	26	**1,466**	1,528	1,547	**–**	–
租赁负债	31(c)	**66**	159	143	**4**	57
定期银行贷款	28	**288,551**	298,985	269,693	**24,777**	25,940
递延税项负债	18	**–**	1,122	1,118	**–**	–
		(290,083)	(301,794)	(272,501)	**(24,781)**	(25,997)
净资产		**286,463**	237,363	213,941	**136,093**	101,643
归属于本公司股权持有人的权益						
股本	29	**58,803**	58,803	58,803	**58,803**	58,803
股东出资	33	**8,596**	8,596	8,596	**–**	–
其他储备金	30	**(1,474)**	(338)	25	**–**	–
累计利润		**220,541**	170,304	146,517	**77,290**	42,840
		286,466	237,365	213,941	**136,093**	101,643
非控制性权益		**(3)**	(2)	–	**–**	–
总权益		**286,463**	237,363	213,941	**136,093**	101,643

本年报的资产负债表以英文和中文同时准备。如中英文版本有任何差异，请以英文版为准

STATISTICS OF SHAREHOLDERS

as at 15 March 2013

SHARE CAPITAL

Number of Issued shares	:	223,846,000
Issued and fully paid-up capital	:	S$59,157,665.76
Class of Shares	:	Ordinary shares
Number of Treasury Shares held	:	Nil
Voting rights	:	One vote per share

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 15 March 2013, approximately 30.19% of the total number of ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

SUBSTANTIAL SHAREHOLDERS AS AT 15 MARCH 2013

(According to Register of Substantial Shareholders)

No.	Name of Substantial Shareholder	Direct Interest	%	Deemed Interest	%
1.	Heeton Investments Pte Ltd	56,159,100	25.09	–	–
2.	Hong Heng Company Private Limited	34,160,250	15.26	–	–
3.	Toh Khai Cheng(1)	13,919,350	6.22	91,703,425	40.97
4.	Toh Giap Eng(2)	21,415,025	9.57	56,159,100	25.09
5.	Toh Gap Seng(3)	12,269,475	5.48	300,000	0.134
6.	HSBC (Singapore) Nominees Pte Ltd	15,000,000	6.70	–	–
7.	Tan Fuh Gih(4)	–	–	15,000,000	6.70
8.	Tan Hoo Lang(4)	–	–	15,000,000	6.70
9.	Tan Kim Seng(4)	–	–	15,000,000	6.70
10.	Tan Wei Min(4)	–	–	15,000,000	6.70

Notes:

(1) Toh Khai Cheng is deemed to be interested in the 56,159,100 ordinary shares ("Shares") held by Heeton Investments Pte Ltd and the 34,160,250 Shares held by Hong Heng Company Private Limited. Toh Khai Cheng is also deemed to be interested in 1,384,075 Shares held by his deceased spouse.

(2) Toh Giap Eng is deemed to be interested in the 56,159,100 Shares held by Heeton Investments Pte Ltd.

(3) Toh Gap Seng is deemed to be interested in the 300,000 Shares held by his spouse.

(4) Tan Fuh Gih, Tan Hoo Lang, Tan Kim Seng and Tan Wei Min are deemed to be interested in the 15,000,000 Shares held by Kim Seng Holdings Pte Ltd through HSBC (Singapore) Nominees Pte Ltd.

STATISTICS OF SHAREHOLDERS

as at 15 March 2013

ANALYSIS OF SHAREHOLDINGS

As at 15 March 2013

Range of Shareholdings	Number of Shareholders	Percentage	No of Shares	Percentage
1 – 999	7	0.79	2,347	0.00
1,000 – 10,000	421	47.68	2,897,250	1.29
10,001 – 1,000,000	437	49.49	35,043,083	15.66
1,000,001 and above	18	2.04	185,903,320	83.05
TOTAL	883	100.00	223,846,000	100.00

MAJOR SHAREHOLDERS

As at 15 March 2013

No	Name of Shareholder	Number of Shares Held	Percentage
1	Heeton Investments Pte Ltd	56,159,100	25.09
2	Hong Heng Company Private Limited	34,160,250	15.26
3	Toh Giap Eng	21,415,025	9.57
4	HSBC (Singapore) Nominees Pte Ltd	15,000,000	6.70
5	Toh Khai Cheng	13,919,350	6.22
6	Toh Gap Seng	12,269,475	5.48
7	Hong Leong Finance Nominees Pte Ltd	6,611,000	2.95
8	UOB Kay Hian Pte Ltd	4,817,000	2.15
9	Phillip Securities Pte Ltd	3,857,000	1.72
10	Maybank Kim Eng Securities Pte Ltd	3,817,219	1.71
11	Ang Kong Meng	3,018,000	1.35
12	Pang Heng Kwee	2,225,000	0.99
13	DBS Nominees Pte Ltd	1,792,798	0.80
14	Ng Wee Chu	1,653,175	0.74
15	OCBC Securities Private Ltd	1,479,028	0.66
16	Tan Mui Choo	1,384,075	0.62
17	Tan Guan Hui	1,281,000	0.57
18	Tan Swee Lang	1,044,825	0.47
19	Citibank Consumer Nominees Pte Ltd	935,000	0.42
20	Tan Hee Nam	869,000	0.39
		187,707,320	83.86

NOTICE OF ANNUAL GENERAL MEETING

HEETON HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 197601387M)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 60 Sembawang Road #01-02/03 Hong Heng Mansions, Singapore 779088, on Thursday, 25 April 2013 at 10.00 a.m., for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2012 and the Directors' Reports and the Auditor's Report thereon. **Resolution 1**

2. To declare a 1-tier tax exempt final dividend of 1.30 cents per share in respect of the financial year ended 31 December 2012. **Resolution 2**

3. To approve Directors' fees of S$210,000 for the financial year ended 31 December 2012. (2011: S$200,000) **Resolution 3**

4. To re-elect Mr Toh Khai Cheng retiring pursuant to Section 153(2) of the Companies Act, Cap. 50. *(See Explanatory Note)* **Resolution 4**

5. To re-elect Mr Chia Kwok Ping retiring pursuant to Article 96 of the Company's Articles of Association. *(See Explanatory Note)* **Resolution 5**

6. To re-elect Mr Toh Gap Seng retiring by rotation pursuant to Article 95(2) of the Company's Articles of Association. **Resolution 6**

7. To re-elect Mr Tan Tiong Cheng retiring by rotation pursuant to Article 95(2) of the Company's Articles of Association. *(See Explanatory Note)* **Resolution 7**

8. To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. **Resolution 8**

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL BUSINESS

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

9. THAT pursuant to Section 161 of the Act and Rule 806 of the Listing Manual of Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors to: **Resolution 9**

(a) (i) 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, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

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

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

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 50% of the total number of issued shares (excluding treasury shares (if any)) in the capital of the Company (as calculated in accordance with paragraph (2) below), 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 pursuant of instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares (if any)) in the capital of the Company (as calculated in accordance with paragraph (2) below);

NOTICE OF ANNUAL GENERAL MEETING

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under paragraphs (1) above, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company excluding treasury shares (if any) at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue or consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in General Meeting) the 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)

10. To transact any other business.

BY ORDER OF THE BOARD

LEE HO WAH/CHEW BEE LENG
Company Secretaries

Singapore
10 April 2013

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

Resolution 4

Mr Toh Khai Cheng, Chairman of the Board of Directors and a member of the Audit Committee and Remuneration Committee, will continue to serve in these capacities if re-elected as a Director of the Company.

Resolution 5

Mr Chia Kwok Ping, Chairman of the Nominating Committee and a member of the Remuneration Committee, will continue to serve in these capacities if re-elected as a Director of the Company, and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Resolution 7

Mr Tan Tiong Cheng, Chairman of the Remuneration Committee and a member of the Audit Committee, will continue to serve in these capacities if re-elected as a Director of the Company, and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Resolution 9

The Ordinary Resolution no. 9, if passed, will empower the Directors of the Company to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding in total fifty per cent (50%) of the total number of issued shares (excluding treasury shares (if any)) in the capital of the Company, with a sub-limit of twenty per cent (20%) for issued other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares (excluding treasury shares (if any)) shall be based on the total number of issued shares (excluding treasury shares (if any)) in the capital of the Company at the time that this resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that this resolution is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Notes:

(1) A member of the Company entitled to attend and vote at the above-mentioned meeting may appoint not more than two proxies to attend and vote in his stead. Where a member appoints more than one proxy, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.

(2) The instrument appointing the proxy must be deposited at the registered office of the Company at 60 Sembawang Road #01-02/03 Hong Heng Mansions, Singapore 779088, not less than 48 hours before the time set for holding the meeting.

HEETON HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration number: 197601387M)

Proxy Form – Annual General Meeting

IMPORTANT
1. For investors who have used their CPF moneys to buy ordinary shares in the capital of Heeton Holdings Limited, this 2012 Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ______________________________ NRIC/Passport/Co. Reg. No. ____________________

of ____ (Address)

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

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

and/or failing him/her (delete as appropriate)

or failing him/her, the Chairman of the Annual General Meeting ("AGM") of the Company as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the AGM of the Company to be held at 60 Sembawang Road #01-02/03 Hong Heng Mansions, Singapore 779088, on Thursday, 25 April 2013 at 10.00 a.m., and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of the AGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM).

	Ordinary Resolutions	For	Against
	Ordinary Business		
1	To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2012 and the Directors' Reports and the Auditors' Report thereon.		
2	To declare a 1-tier tax exempt final dividend of 1.30 cents per share in respect of the financial year ended 31 December 2012.		
3	To approve Directors' fees of S$210,000 for financial year ended 31 December 2012.		
4	To re-elect Mr Toh Khai Cheng retiring pursuant to Section 153(2) of the Companies Act, Cap. 50.		
5	To re-elect Mr Chia Kwok Ping retiring pursuant to Article 96 of the Company's Articles of Association.		
6	To re-elect Mr Toh Gap Seng retiring by rotation pursuant to Article 95(2) of the Company's Articles of Association.		
7	To re-elect Mr Tan Tiong Cheng retiring by rotation pursuant to Article 95(2) of the Company's Articles of Association.		
8	To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration.		
	Special Business		
9	To authorise the Directors to allot and issue new shares.		

Dated this ______________ day of ________________ 2013

Total number of Shares

____

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

IMPORTANT: PLEASE READ THE 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 (as defined in Section 130A of the Companies Act, Cap. 50), 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 of the Company entitled to attend and vote at the above-mentioned meeting may appoint not more than two proxies to attend and vote in his stead. Where a member appoints more than one proxy, he shall specify the proportion of his shareholdings to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 60 Sembawang Road #01-02/03 Hong Heng Mansions, Singapore 779088, not less than 48 hours before the time set for the meeting.

4. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be either under its seal or under the hand of any officer or attorney duly authorised.

5. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, 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.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

7. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.