Heeton Holdings Limited

HOME TO EXQUISITE LIVING

ANNUAL
REPORT
2013

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Artist's Impression

Heeton Holdings Limited ("Heeton" or the "Group") is established in July 1976 and listed on the Singapore Exchange on 8 September 2003. The Group is engaged in the business of property development and property investment. Besides the local Singapore market, it has also ventured into other overseas markets such as United Kingdom, Malaysia, Thailand and Vietnam.

As a boutique developer, Heeton focus on developing distinctive and high quality residential properties in choice locations. Todate, the Group had completed about 30 projects in both local and overseas markets. Heeton has also formed strong partnerships with other established property developers to pursue property development opportunities of bigger scale.

The strength in its property development portfolio is supported by a stable portfolio of investment properties such as Tampines Mart, The Woodgrove and Sun Plaza. Within its investment property arm, the Group has expanded into the hospitality segment. In addition to the Mercure Hotel Pattaya in Thailand, the Group had also acquired Enterprise Hotel in UK, London in 2014.

The Group will continue to maintain a strategic balance between its staple property investment and hospitality portfolio as well property development business, in Singapore and overseas.

CHAIRMAN'S STATEMENT

MR. TOH KHAI CHENG
Chairman

DEAR SHAREHOLDERS,

The year 2013 started off on a firm footing when the Group saw the higher revenue returns from the development properties and investment properties as compared to 2012 despite experiencing the effects of the Government's anti-speculation measures. Moving into second half of 2013, Total Debt Servicing Ratio ("TDSR") was introduced. This resulted in a decrease in demand as market across all property segments experience a fall in sales activities, particularly in private residential properties as homebuyers found greater difficulties or, are ineligible to qualify for the maximum 60 per cent TDSR.

Despite the fall in sales of private residential properties, we managed to end the year in good stead with our prudent strategy of balancing a portfolio of development property with investment property, along with building market presence, either on our own or through joint ventures. For the full year ended 31 December 2013 ("FY2013"), the Group registered revenue of S$60.4 million, an increase of 14.9% from the previous year. Not taking into consideration of the gain from fair value adjustment and negative goodwill from the previous year, the net profit before tax from operations increased by S$2.32 million from S$12.52 million in FY2012 to S$14.84 million in FY2013.

BUSINESS REVIEW AND UPDATE

In FY2013, our major source of revenue for the property development segment came from the sales units of Lincoln Suites as well as Britton, our maiden development property in London, United Kingdom.

The Group's joint venture project, The Boutiq at Killiney Road is progressing well since its construction in the first quarter of 2012. To date, about 87% of 130-unit development has been sold. Share of profit from The Boutiq has been recognised on the percentage of completion method during FY2013. We believe The Boutiq will continue to bring positive contribution to the Group in 2014.

Construction of the other two joint-venture residential projects, the 36%-owned Palacio and 40%-owned Sky Green have begun in the second quarter and middle of 2013 respectively. To date, 100% of the 21-unit Palacio and 98% of the 176-unit Sky Green have been sold. We look forward in seeing positive contribution of these projects in 2014.

The Group has also commenced plans for the redevelopment of Onze@Tanjong Pagar (previously known as El Centro), which will be a mixed development comprising 56 residential units and 13 commercial units. The revaluation of the Group's investment properties portfolio namely, Tampines Mart, The

Woodgrove and 62 Sembawang Road resulted in a fair value gain of $5.30 million. This was lower than fair value gain of $42.24 million recorded in FY2012 as a significant portion of fair value gain of $34.44 million in FY2012 arose from the reclassification of El Centro from development property to investment property.

In view of the challenging year ahead for the property market in Singapore, the Group has entered into joint venture arrangements to purchase Enterprise Hotel in London, United Kingdom as well as tap into Vietnam property market for the development of dormitory and amenities development in Vietnam.

LOOKING AHEAD

Going into the new year, we expect potential buyers of private residential properties to remain cautious towards their home purchase plan in the near-term, following the introduction of various government measures, including TDSR, which resulted in buyers finding greater difficulties in financing property purchases readily.

Propelling the Group into the next phase of growth, we will further regionalize Heeton based on a 3-pronged strategies: Growing the hospitality segment; assets enhancement initiatives of our investment portfolio and expansion of property development segment. In light of the recent acquisition of Enterprise Hotel in London and the existing Mercure Hotel in Pattaya, Thailand, the group targets to grow its hospitality segment further.

Despite the current "cooling measures" in Singapore property sector, the Group believes selective opportunities will arise for Heeton to acquire and develop high quality residential and mix development projects in Singapore's central and suburban districts. The Group will continue to monitor the market closely for the most appropriate time to launch its development projects and explore opportunities in Singapore, which will enable it to develope the projects in a timely manner thus achieving quick turn around. The Group will also increase its efforts to expand overseas and explore strategies to propel itself to the next phase of growth.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to extend my heartfelt gratitude to all our valued shareholders, customers and business partners and associates for their constant support and trust in us.

My deepest appreciation also goes to the Board members, the management, and employees, for yours unwavering dedication to the Group. We look forward to another exciting year of growth with all of you, and overcoming whatever challenges that may come our way with strength and perseverance, and reaping the fruit of our efforts in the years to come.

TOH KHAI CHENG
Non-Executive Chairman

主席致辞

尊敬的各位股东：

尽管新加坡政府推出了数个房地产反投机和降温的措施，集团在 2013 财政年仍然保持相当稳定的表现。在2013财政年里，集团从房地产开发和房地产投资所得到的收入比起前财政年还要高。踏入2013年下半年，新加坡政府推行了总偿债率 (Total Debt Service Ratio，简称TDSR) 的规定。这项措施导致需求随著市场各房地产业务面临销售活动的减少而下降。尤其是在私人住宅业务方面，更是由于许多有兴趣的购房者面临了许多这些措施所带来的障碍和无法达到最高总偿债率百分之60的要求。

虽然私人住宅业务销售下降，集团所采取的审慎策略 - 保持房地产开发业务与房地产投资业务的平衡投资组合以及通过和商业夥伴合资发展来增强市场渗透率 - 使得喜敦在2013财政年交出不错的成绩。本集团的收入达6040万新元，比上个财政年增长14.9%。不考虑公允价值调整及前年的负商誉收益，集团的2013财政年税前经营纯利润比起前财政年的1252万新元上涨了232 万新元至1484万新元。

业务发展与回顾

在2013财政年，集团房地产开发业务的收入主要来源于 Lincoln Suites 以及在英国伦敦的首个房地产发展项目Britton的销售。

除此之外，集团坐落于 Killiney Road 的合资项目，The Boutiq，也进展顺利。从2012财政年的第一季度开始进行施工至今，这个130单位的发展项目已卖出了87%。贯穿2013财政年，本集团在The Boutiq项目所应占的收益按完工百分比的计算方式得到确认。喜敦相信 The Boutiq 项目会继续在2014财政年为集团带来良好的收益。

此外，本集团的另外两个合资住宅发展项目，拥有36%权益的 Palacio 和拥有40%权益 的 Sky Green，分别在今年的第二季度和第三季度已经开始施工。至今，拥有21个单位Palacio项目已100%卖出，而拥有176个单位的Sky Green也已卖出了98%。我们期待这两个项目将在2014财政年对集团收益带来积极贡献。

集团也启动了重新开发Onze@Tanjong Pagar（之前名为El Centro）的计划。Onze@Tanjong Pagar 将会被重建成一个拥有56个住宅单位及13个商业单位的混合发展项目。与此同时，集团的三个房地产投资项目，Tampines Mart，The Woodgrove，和 62 Sembawang Road 的重估公允价值变动收益达530万元。这比起2012财政年的公允价值变动收益的4224万元少了许多。主要原因是El Centro在2012财政年从房地产开发业务重新分类为房地产投资业务而产生3440万元的公允价值变动收益。

鉴于未来一年新加坡房地产市场会充满挑战，集团也在2013财政年达成了几个合资项目来降低风险。这包括合作收购位于英国伦敦的Enterprise Hotel以及合作进军越南房地产市场发展宿舍和基础设施项目。

前景展望

进入新的一年，集团预期私人住宅的潜在买家在短期内会对他们的购房计划保持谨慎的态度。这是因为随着新加坡政府推行的各种措施，包括总偿债率的规定，使得许多买家在寻找融资购房时会遇到更大的困难。

迈入企业成长的下一阶段，喜敦将通过扩张酒店旅游业务，投资组合资产增值计划，以及拓展房地产开发业务三管齐下的策略把集团的业务更进一步的区域化。喜敦在近期所收购的位于英国伦敦的Enterprise Hotel以及位于泰国芭堤雅现有的Mercure Hotel都是集团在进一步扩张酒店旅游业务所做的计划。

尽管新加坡政府在房地产业推出了降温措施，集团相信喜敦能在新加坡的中央与郊区找出能收购及开发高品质住宅与混合发展项目的机会。集团将继续密切留意市场情况，在最合适的时间推出其开发项目，并探索在新加坡的机会，从而使得集团能够及时进行项目开发并实现快速周转。集团也将加大力度拓展海外市场，并寻求其他策略来推动自身成长的下一阶段。

致谢

我谨代表董事会，衷心感谢所有尊敬的股东，客户，业务及合作伙伴对于我们的不断支持和信任。

我也由衷地感谢董事们，管理层人员以及公司同仁为喜敦所做出的贡献。我很期待与大家在新的一年里再创佳绩并且一同协力以坚硬不屈的毅力来排除万难，我坚信我们将在今后的岁月里收获我们努力的成果。

卓开清
主席

CEO'S MESSAGE

MR. TOH GIAP ENG
CEO

DEAR SHAREHOLDERS,

Despite the challenges from the cooling measures for the property market in Singapore, the Group generated another credible performance for the financial year ended 31 December 2013 (FY2013). Revenue was mainly contributed by two development properties, Lincoln Suites and The Britton. In addition, the Group clinched a few joint ventures which were likely to bring us good returns in the years ahead.

HIGHLIGHTS

Revenue increased 14.9% to $60.36 million in FY2013 as compared to S$52.52 million in FY2012 mainly due to higher sales revenue from the residential projects, Lincoln Suites and The Britton, which was higher than that recognised from Lincoln Suites, The Britton and The Lumos in FY2012. However, net profit before tax decreased 63.6% to S$20.14 million this year from S$55.32 million in FY2012. A significant portion of the decrease resulted from the absence of fair value gain of S$34.4 million this year due to the reclassification of El Centro from development property to investment property in the preceding year FY2012.

FINANCIAL REVIEW

In line with the higher revenue recognition from the two property development, the cost of properties sold increased 43.5% to S$39.3 million.

Other operating income increased 120.0% to S$2.66 million due to an increase in dividend income of S$0.27 million received from investee companies during FY2013 and forfeiture of deposit of S$1.04 million from an aborted sale transaction.

In line with the Group's 3-year growth strategies, funds were raised from bond issue to aid the Group in working capital as well as financing investments. This resulted in an increment of 12.5% to S$5.25 million in finance expenses.

Other operating expense rose 21.5% to S$9.97 million due to sales and marketing expenses of S$1.6 million incurred for Onze@Tanjong Pagar as well as S$1.16 million expense incurred from the establishment of S$300 million multicurrency debt issuance program.

Notably, share of profit from associated companies increased from S$0.33 million to S$7.11 million in FY2013. This was mainly attributed to the progressive profit recognition of a residential project, The Boutiq and revaluation gain on our joint venture commercial and office property, 223@Mountbatten, as well as surplus recognised from asset disposal of the Group's associated company in Jiujiang, China. We have seen positive results in joint venture activities in FY2013, the Group is exploring more joint venture opportunities in the coming year that would help to buffer cooling measure in Singapore property market.

CEO'S MESSAGE

As a result, net profit before tax without taking into consideration of gain from fair value adjustment of investment properties, increased to S$14.84 million in FY2013 from S$12.52 million in FY2012.

All in all, the Group ended the year on a strong financial position with net asset value per share of S$1.12 in FY2013.

DEVELOPMENT PROPERTY

During the year under review, revenue for our development property business was mainly contributed by higher sales recognition from Lincoln Suites and Britton, a residential property in London, United Kingdom. The property development segment generated S$39.7 million in revenue which was 66% of the Group's total revenue in FY2013.

Construction of two joint-venture residential projects, the 36%-owned Palacio and the 40%-owned Sky Green, have begun in the first quarter and middle of 2013 respectively. These joint ventures were established in FY2012 which showcase our intention to develop distinctive, well-conceptualised residential properties. In addition, construction work for Earlington, a residential project in London, has also begun in the middle of 2013. To date, about 87% of the units in Earlington have been sold and profit will be recognised on completed contract method. We look forward to the ongoing contribution from these three projects in 2014.

In FY2013, the Group launched Onze@Tanjong Pagar a rare freehold development located at the prime business district of Singapore. This project is positioned as a choice investment for investors seeking to tap strong rental income from the expatriate community living and working in Singapore's Central Business District.

This year, the Group announced it 3-years growth target to further regionalise the Group's development and investment portfolio. Under the development property segment, the Group will focus on choice locations in Singapore where we can execute shorter development to sales cycles for these projects, while actively seeking opportunities in the region.

INVESTMENT PROPERTY

Revenue for our investment property segment stood at S$22.0 million which contributed 36.4% to the total revenue in FY2013.

Investment property segment will continue to produce recurring income for the Group. One of the key elements of expanding our recurring income stream is to drive growth in our emerging hospitality segment. We have set a target to grow the number of room keys to 1,500 by FY2016. This could be achieved through harnessing new opportunities in regional markets.

In addition, the Group future portfolio of investment would also diversify to include other asset class in Singapore as well as across the region such as in Indo-China.

To kick start the growth plan, we entered into a joint venture to set up Eden I Residences Pte. Ltd. in FY2013 which involved leasing two parcels of lands, near Ho Chi Min City in Vietnam with a total land area of approximately 21,000 square metre designated for dormitory and amenities development.

OUTLOOK

Going forward, we will continue working towards our 3-year growth plans to balance and increase our portfolio of development and investment properties. We will also continue to sharpen our evaluation of potential acquisition targets and fine-tune our asset enhancement initiatives to further counter the impact of TDSR and other cooling measures within the Singapore property market.

ACKNOWLEDGEMENT

Last but not least, I wish to register my gratitude to the Board, the management and our colleagues at Heeton for their contribution to another year of growth. Your dedication and hard work continue to lay the foundation for Heeton's future. To shareholders, I thank you for your ongoing support of our Group. With your support, we can certainly look forward to another successful year ahead.

TOH GIAP ENG, VINCE
Chief Executive Officer
and Managing Director

总裁致辞

尊敬的各位股东：

尽管新加坡房地产市场面临了降温措施所带来的种种挑战，喜敦仍然在截至2013年12月31日财政年度（“2013财政年”）中取得了良好的成绩。收入主要来自两个住宅项目，Lincoln Suites 与 The Britton。此外，喜敦也参与了几项今后能为集团取得良好回报的合资项目。

重点概要

本财政年的收入比起截至2012年12月31日财政年度（“2012财政年”）的5252 万新元上升了14.9%至6036万新元， 主要归功于两个较高销售收入确认的住宅项目，Lincoln Suites和 The Britton。然而，税前纯利润从2012财政年的5532万新元下降63.6%至2014万新元。税前纯利润减少的显著部分是因为El Centro在2012财政年从房地产发展业务中重新分类成为房地产投资业务，这促使公允价值收益在2012财政年提高了3440万新元。

财务回顾

随著其两项房地产发展项目所带来的更高销售收入确认，销售成本也增加了43.5%达到3930万新元。

2013财政年中，喜敦旗下的投资公司股息收入上升了27万新元。另外，公司在其中一项交易里由于交易中止而取得104万新元的保证金。这使得其他经营收入上升了120.0%达266万新元。

为配合喜敦的三年增长策略，本集团发行了债券以便募集筹款。所筹的资金会用来辅助我们的营运资金，以及作为投资用途。此债卷发行导致财务费用增加12.5%，达到525万新元。

其他经营费用增加21.5%达997万新元，这主要来自Onze@Tanjong Pagar 160万新元的销售和市场推广开支以及为了建立3亿元多币种债券发行计划（multicurrency debt issuance program）的116万新元开销。

值得注意的是，在2013财政年中，应占联营公司利益从33万新元增长至711万新元。这主要来自于一个住宅项目，The Boutiq，的渐进利润确认；以及我们合资的一个商业及写字楼物业，223@Mountbatten的公允价值收益；还有来自联营公司在中国九江出售资产的盈馀。在2013财政年里，我们也在合资业务中看到了许多正面的成果，并且会在未来的一年中继续探寻合资机会。这将有助于缓冲新加坡房地产市场降温措施所带来的影响。

因此，在不考虑房地产投资物业公允价值调整的情况下，税前纯利润从2012财政年的1252万新元增加至2013财政年的1484万新元。

喜敦以每股净资产值1.12新元的强健财务状况总结了其2013财政年的表现。

房地产开发

在本财政年中，喜敦房地产开发业务的收入主要来自两个住宅项目Lincoln Suites和位于英国伦敦的 Britton项目。这两个项目今年取得了更高的销售收入确认。房地产开发业务为喜敦带来了3970万新元的收入，占2013财政年总收入的66%。

在本财政年的第二季度和年中时候，我们的两项合资住宅项目，36%权益的Palacio和40%权益的Sky Green已分别开始施工。喜敦在2012财政年里进入以上的合资项目展示了我们要开发特点鲜明，构思精巧的住宅项目的决心。另外，坐落于伦敦的Earlington住宅项目，也在2013年中开始施工。至今，已有约87%的Earlington单位被售出，其收益将在完工后得到计算。

总裁致辞

我们期待着这三个项目在2014年所带来的效益。

在2013财政年，喜敦推出了Onze@ Tanjong Pagar，它位于新加坡的黄金商业区，是个难得的永久产权物业。该项目是以外籍人士在新加坡中央商业区工作与生活以便促使强劲的租金收入而受定位为投资者的首选投资。

今年，喜敦宣布了其未来三年的增长目标从而进一步的区域化集团的发展及投资组合。在房地产开发业务这一板块，喜敦将专注于在新加坡选择优良地点，以便让我们在这些项目的执行中取得从开发到销售更短的周期，并同时在该区域积极寻求商机。

房地产投资

房地产投资业务在2013财政年为集团带来了2200万新元的收入，占了总收入的36.4%。

房地产投资业务会继续为集团带来稳定的收入。在扩大集团经常性收入方面，一个关键要素是继续推动新兴酒店业务的增长。我们已经设定在2016财政年达到1500间客房的目标。此目标将通过以驾驭在区域市场所出现的新机会将其实现。

此外，集团也将扩大其未来的投资组合，这将包括新加坡和整个区域如中印半岛里的其他资产类别。

为了启动其增长计划，集团在2013财政年进入了一个合资项目，成立了Eden I Residences Pte Ltd。这个项目涉及了两块靠近越南胡志明市的租赁土地，被指定用于宿舍和基础设施的开发，总用地面积约21,000平方米。

前景展望

在未来的一年里，集团会继续平衡并且增加房地产开发以及投资业务的组合，以迈向我们的三年增长计划。接著，集团会保持敏锐的判断力来评估未来的收购目标并且调整我们资产增值措施以便进一步应对总偿债率规定和其它降温措施对新加坡房地产市场所带来的影响。

致谢

最后，我谨借此机会感谢所有对喜敦的发展做出辛勤奉献的同仁，尤其是董事会，管理层成员以及所有同事们。你们的无私奉献与辛劳是喜敦未来的基石。对股东们，我再次感谢你们对集团不间断的支持。有了这份支持，我们一定能在未来的一年中再创佳绩。

卓业荣

执行总裁兼董事总经理

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 provides guidance to the management staff. He is the key decision maker for the Group's business development, investment and expansion plans. Mr Toh started his career in the banking and finance industry and holds a Bachelor of Arts (Business), United Kingdom. Mr Toh and is also a member of the Nominating Committee.

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 more than 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 to oversee 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 Chartered Accountant of Singapore with Institute of Singapore Chartered Accountants.

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 30 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 about 20 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, Lead 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 and Nominating Committee. Mr Tan is also an independent director of Straits Trading Co. Ltd and UOL Group Limited.

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.

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 Chartered Accountant of Singapore.

HENG LEE CHENG, CHERYL

Chief Financial Officer

Heng Lee Cheng, Cheryl, is the Chief Financial Officer with effect from 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 in Singapore and is a Chartered Accountant of Singapore.

TAN HONG SIEN, JANET

General Manager, Project Development & Marketing

Tan Hong Sien, Janet 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 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 before she joined the Group. She holds a Bachelor degree of Applied Science in Construction Management & Economics and a Diploma of Building.

PROPERTY
PORTFOLIO

Onze@Tanjong Pagar, *Artist's Impression*

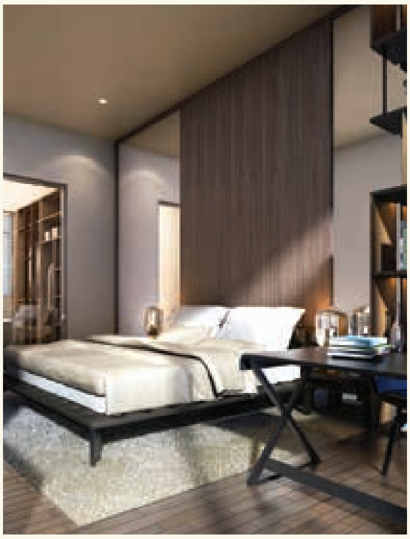
Mercure Hotel Pattaya, Thailand

Earlington, *Artist's Impression*

The Boutiq, *Artist's Impression*

Sky Green, *Artist's Impression*

Enterprise Hotel



PROPERTY PORTFOLIO

(a) PROPERTY DEVELOPMENTS AND LAND BANK (SINGAPORE)

Name of development	Location/Type of development	Tenure	Approximate total Gross Floor Area (sq m)	Residential Units	Shop Units	% sold as at 14 March 2014	Group's stake (%)	Launched/ Expected Launch Date	Targeted Completion/ Completion Date
Lincoln Suites	1/3 Khiang Guan Avenue, Off Newton Road/Residential	Freehold	16,826	175	N/A	90.0	25	October 2009	2014
The Boutiq	145 Killiney Road/ Residential	Freehold	10,397	130	N/A	86.9	45	April 2011	2014
The Lumos	9 Leonie Hill/ Residential	Freehold	9,953	53	N/A	32.1	50	July 2007	August 2011
Rezi26	5, 5A and 5B Lorong 26 Geylang Road/ Residential	Freehold	6,925	106	N/A	100	10	October 2011	2015
Palacio	Lorong M Telok Kurau Road/ Residential	Freehold	4,152	21	N/A	100	36	August 2012	2015
Sky Green	568 & 570 Macpherson Road/ Residential	Freehold	13,907	176	N/A	97.7	40	October 2012	2016
NEWest	West Coast Way/ Commercial and Residential	956 years from May 1928	25,148	136	141	53.8	12.25	May 2013	2016
KAP and KAP Residences	9 and 11 King Albert Park/ Commercial and Residential	Freehold	17,178	142	107	98.4	12.60	May 2013	2017
Floraville, Floravista & Floraview	2/A/B – 20A/B/C Cactus Road/ Commercial and Residential	Freehold	11,549	140	28	15.5	12.25	August 2013 (launched by phases)	2016
iLiv@Grange	74 Grange Road/ Residential	Freehold	4,362	30	N/A	0	100	To be announced	October 2013
121C Whitley Road	121 Whitley Road/ Residential	Freehold	2,108	9	N/A	0	30	To be announced	2016
Rezi 3Two	48-60 Lorong 32 Geylang Road Lorong 32 Geylang Road/Residential	Freehold	3,455	65	N/A	10.8	10	November 2013	2017
Trio	7 to 19 Sam Leong Road/Commercial	Freehold	3,445	0	43	0	15	1H2014	2018
Onze@Tanjong Pagar	11 Kee Seng Street/ Commercial and Residential	Freehold	5,572	56	13	31.9	100	September 2013	2018

PROPERTY PORTFOLIO

(b) PROPERTY DEVELOPMENTS AND LAND BANK (OVERSEAS)

Name of development	Location/Type of development	Tenure	Approximate total Gross Floor Area (sq m)	Residential Units	Shop Units	% sold as at 14 March 2014	Group's stake (%)	Launched/ Expected Launch Date	Targeted Completion/ Completion Date
Haus[23]	Ladprao 23 Road, Ladyarw (Bangsae-nuar) Bangkhen Bangkok Thailand/ Residential	Freehold	17,214	236	N/A	72.9	48.99	September 2011	2014
Earlington	30-31 Philbeach Gardens, London, UK/Residential	Freehold	751	15	N/A	86.7	100	October 2012	2104

(c) INVESTMENT PROPERTIES (IN SINGAPORE)

Name of development	Location/Type of development	Tenure	Approximate Lettable Area (sq m)	Number of units	Fair value as at 31 December 2013 ($'mil)	Group's stake (%)
Tampines Mart	Blocks 5, 7, 9 and 11 Tampines Street 32/ Retail and Commercial	Leasehold term of 99 years from 1 May 1993	7,900	61 shops and 57 wet market stalls	102.2	100
The Woodgrove	30 Woodlands Avenue 1/Retail and Commercial	Leasehold term of 99 years from 26 June 1996	3,785	36	29.8	100
62 Sembawang Road	62 Sembawang Road/ Transport Facilities	Estate in Perpetuity	1,239	1	6.9	100
Sun Plaza	30 Sembawang Drive/ Retail and Commercial	Leasehold term of 99 years from 26 June 1996	14,142	118 (before refurbishment)	252.4	50
223@Mountbatten	223 Mountbatten Road/Commercial and office	Estate in Perpetuity	10,447	90	49.0	16

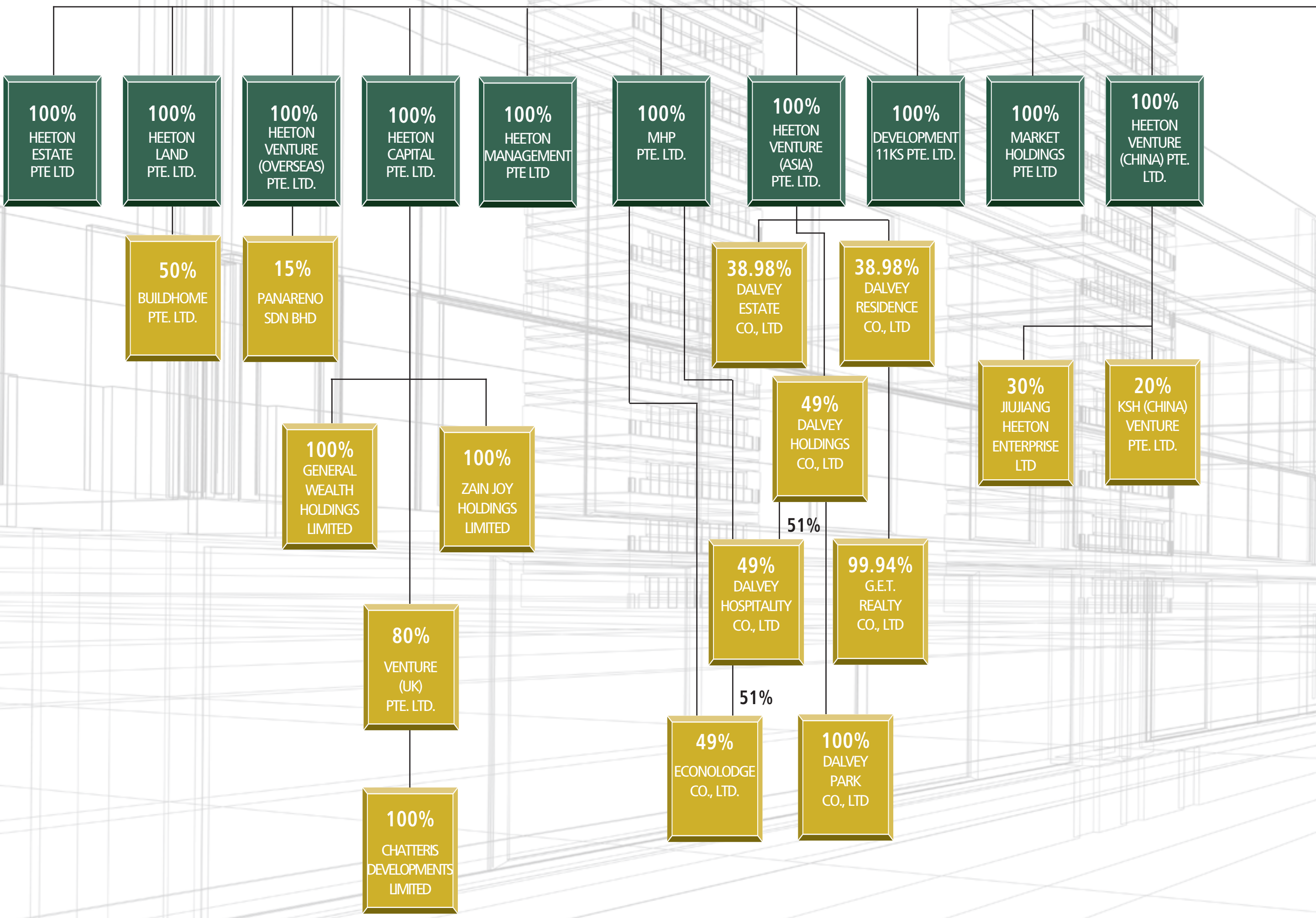
(d) INVESTMENT PROPERTIES (OVERSEAS)

Name of development	Location/Type of development	Tenure	Approximate total Lettable Area (sq m)	Number of units	Fair value as at 31 December 2013 ($'mil)	Group's stake (%)
Mercure Hotel Pattaya	Pattaya, Thailand Hotel	Freehold	16,324	245 hotel rooms	21.2	86.7
Click Denim	Soi Ekamai 19, Klongton-Nuq Sub-district Wattana District, Bangkok, Thailand/ Condominium	Freehold	3,100	65 Residential and 14 Office units	5.7	48.99
Enterprise Hotel	15 – 25 Hogarth Road, Kensington, London	Freehold	3,250	100 hotel rooms before refurbishment	48.0	80%

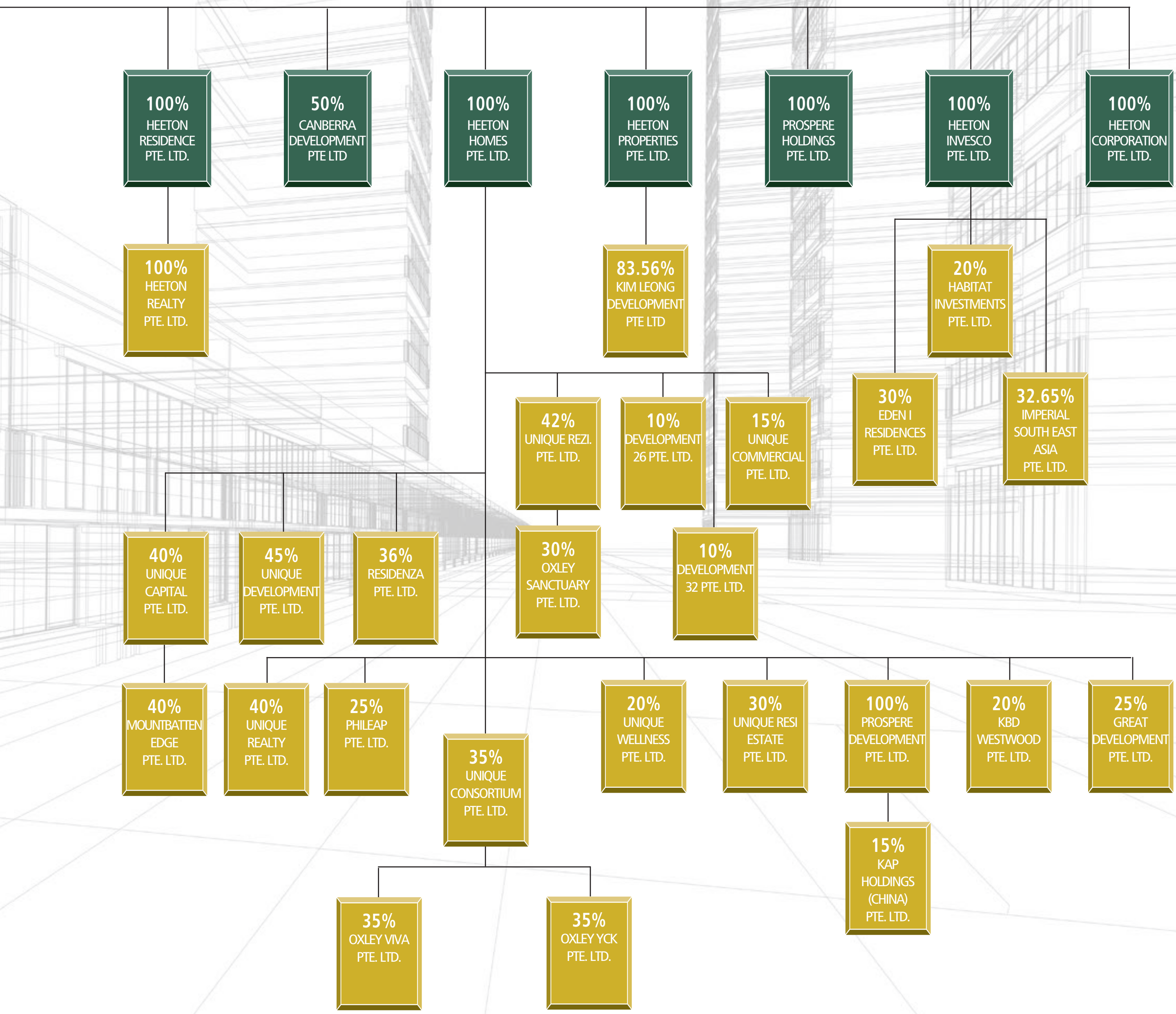
GROUP STRUCTURE

as at 27 March 2014

HEETON HOLDINGS LIMITED



GROUP STRUCTURE



FINANCIAL HIGHLIGHTS

TURNOVER (INCLUDING DISCONTINUED OPERATION) (S$'000)

FY2011	82,500
FY2012	52,517
FY2013	**60,361**

PBT (BEFORE GAIN ON FAIR VALUE OF INVESTMENT PROPERTIES) (S$'000)

FY2011	27,297
FY2012	13,079
FY2013	**14,836**

PBT MARGIN (BEFORE GAIN ON FAIR VALUE OF INVESTMENT PROPERTIES) (%)

FY2011	33.09
FY2012	24.90
FY2013	**24.58**

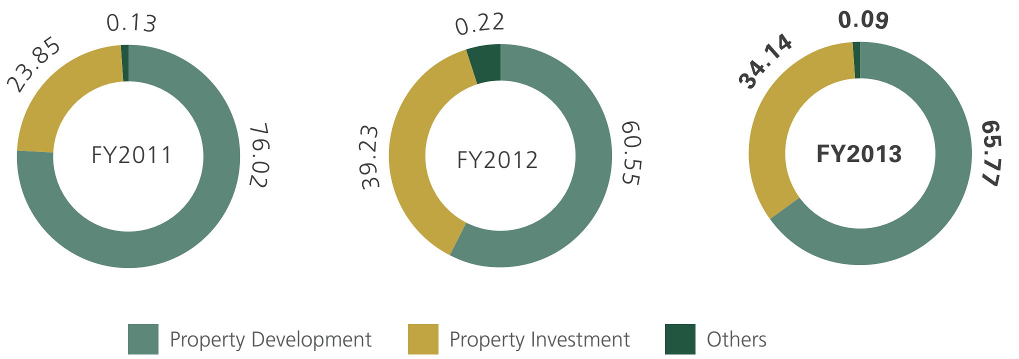
NET ASSETS VALUE BEFORE NCI (S$'000)

FY2011 (RESTATED)	237,365
FY2012	286,466
FY2013	**303,133**

EPS (BEFORE GAIN ON FAIR VALUE OF INVESTMENT PROPERTIES) (CENTS)

FY2011	9.76
FY2012	4.67
FY2013	**5.47**

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
(Lead 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

Tan Tiong Cheng

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

FINANCIAL CONTENTS

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 2012 (the "2012 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 2012 Code.

BOARD MATTERS

Board's Conduct of Affairs

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

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.

All directors exercise due diligence and independent judgment, and are obliged to act in good faith and consider at all times the interests of the Company.

To facilitate effective management, the Board, without abdicating its responsibility, delegated certain functions 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 FY2013

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	4	4	–	–	1	1	4	4
Toh Giap Eng	4	3	2	1	–	–	–	–
Toh Gap Seng	4	4	–	–	–	–	–	–
Low Yee Khim	4	4	–	–	–	–	–	–
Chew Chin Hua	4	4	2	2	–	–	4	4
Tan Tiong Cheng(1)	4	4	0	0	1	1	4	4
Chia Kwok Ping	4	4	2	2	1	1	–	–

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

(1) Mr Tan Tiong Cheng was appointed a member of the Nominating Committee on 8 May 2013.

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. Training will be provided for newly appointed Directors, if required. A memorandum is also sent to them upon their appointment explaining, among other matters, their duties, obligations, and responsibilities as members of the Board.

Board Composition and Guidance

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

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. The criteria of independence is based on the guidelines set out in the 2012 Code.

REPORT ON CORPORATE GOVERNANCE

The independence of any director who has served on the Board beyond nine years from the date of his appointment would be subject to particularly rigorous review. In respect of Mr Chew Chin Hua who has served the Board for more than 9 years, the Board has considered specially his length of service and his continued independence. The Board has determined that Mr Chew remained independent of character and judgement and there were no relationship or circumstances which were likely to affect, or could appear to affect, the Director's judgement. The independence of character and judgement of Director concerned was not in any way affected or impaired by the length of service. Therefore, the Board is satisfied as to the performance and continued independence of judgement of Mr Chew.

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 2013	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	Retirement by rotation pursuant to Article 95(2)
Toh Gap Seng	–	10 February 1978/ 25 April 2013	Non-executive	N/A
Chew Chin Hua	Chairman of Audit Committee and Member of Nominating Committee	27 December 2002/ 25 April 2012	Non-executive/ Independent	Retirement by rotation pursuant to Article 95(2)
Tan Tiong Cheng	Chairman of Remuneration Committee and Member of Nominating Committee and Audit Committee	28 April 2009/ 25 April 2013	Non-executive/ Independent	N/A
Chia Kwok Ping	Chairman of Nominating Committee and Member of Remuneration Committee	15 October 2012/ 25 April 2013	Non-executive/ Independent	N/A

REPORT ON CORPORATE GOVERNANCE

(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 2014.

Role of Chairman and Chief Executive Officer

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

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.

The Board has appointed, Mr Tan Tiong Cheng, Independent Non-Executive Director as the Lead Independent Director in view that the Chairman and the CEO are immediate family members.

Board Membership

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

The Nominating Committee ("NC") comprises three independent non-executive Directors, namely Mr Chia Kwok Ping (Chairman), Mr Chew Chin Hua and Mr Tan Tiong Cheng 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.

REPORT ON CORPORATE GOVERNANCE

The NC performs the following functions in accordance with its terms of reference:

a. reviewing and making recommendations to the Board on all candidates nominated for appointment to the Board, having regard to their background, potential contribution to the Group based on their experience and expertise, and ability to exercise independent business judgment;
b. reviewing regularly, the Board structure, size and composition, taking into account the balance between executive and non-executive, independent and non-independent Directors and having regard at all times to the principles of corporate governance and the Code and make recommendations to the Board any adjustment that are necessary;
c. identifying and making recommendations to the Board as to the Directors who are to retire by rotation and to be put forward for re-election at each annual general meeting of the Company, having regard to the Directors' contribution and performance, including Independent Directors;
d. conducting reviews to determine the independence of each Directors (taking into account the circumstances set out in the Code and other salient factors);
e. assessing annually the performance of the Board, the Board committees and the Directors; and
f. 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.

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.

Currently none of the Directors hold excessive number of board representations. The Board will review and recommend the maximum number of board representations which Directors may hold at the appropriate time.

REPORT ON CORPORATE GOVERNANCE

Board Performance

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

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 has implemented 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.

The assessment process requires the Directors to complete appraisal forms which will be collated by an independent coordinator who will compile the results of the appraisal for review by the NC. The NC will thereafter report to the Board. Such an appraisal process was carried out in respect of financial year 2013.

Access to Information

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

Management provided the members of the Board with management accounts on a 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. The CEO will be informed of rationale and requirements for such appointments by Directors.

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 of the Group covering all aspects of remuneration such as Director's fees, salaries, allowances, bonuses, options and benefits-in-kind;
b) Reviewing and recommending to the Board the terms of the service agreement of the Directors; and
c) review and advise the Board on the implementation of any appropriate long term incentive schemes for the Directors and employees of the Company.

Each member of the RC shall abstain from voting on any resolution concerning his own remuneration.

The RC shall review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses.

The Company ensures that the RC has access to expert advice on the human resource matter whenever there is a need to consult externally. During the financial year under review, the Company did not appoint any external consultant. 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 and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than necessary for this purpose.

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.

REPORT ON CORPORATE GOVERNANCE

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.

Disclosure on Remuneration

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

A breakdown, showing the level and mix of each individual Director's remuneration payable for the financial year ended 31 December 2013 is as follows:

Remuneration bands	Salary	Bonus	Fees	Other Benefits#	Total
	%	%	%	%	%
Below $250,000					
Toh Khai Cheng	–	–	100	–	100
Toh Gap Seng	–	–	100	–	100
Tan Tiong Cheng	–	–	100	–	100
Chew Chin Hua	–	–	100	–	100
Chia Kwok Ping	–	–	100	–	100
Between $250,000 to $500,000					
Low Yee Khim	73	25	–	2	100
Between $750,000 to $1,000,000					
Toh Giap Eng	73	24	–	3	100

Other benefits refer to car benefits during the year.

For confidential reasons, the Board has not disclosed the remuneration of the Company's Individual Directors and the Group's key executive in full.

REPORT ON CORPORATE GOVERNANCE

Key Executives

The remuneration of the key executives of the Group for the financial year ended 31 December 2013 is shown in the following bands:

Remuneration bands	Salary	Bonus	Fees	Total
	%	%	%	%
Below $250,000				
Heng Lee Cheng	64	27	9	100
Above $250,000				
Tan Hong Sien	72	28	–	100

The Group currently only has 2 key executives. Key information regarding the key executives can be found under the Key Management section in this annual report.

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.

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 within the timeframe in line with Listing Manual of SGX-ST. 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 and highlights on key business indicators and any significant business developments on a quarterly basis.

Risk Management and Internal Controls

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

REPORT ON CORPORATE GOVERNANCE

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 2013. 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.

The Board has established a separate risk committee comprising of the CEO, COO and Chief Financial Officer ("Risk Management Committee") to assist it in carrying out its responsibility of overseeing the company's risk management framework and policies. The Risk Management Committee 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 Board has received assurance from the CEO and the Chief Financial Officer (i) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and (ii) regarding the effectiveness of the Company's risk management and internal control systems.

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.

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.

REPORT ON CORPORATE GOVERNANCE

Audit Committee

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

The 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 2013, 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 performs the following functions in accordance with its terms of reference:

- 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

REPORT ON CORPORATE GOVERNANCE

- Reviews interested person transactions in accordance with the requirements of the SGX-ST's Listing Manual.

The AC also has full access to and the co-operation of Management and reasonable resources to enable it to discharge its functions properly within the AC's scope of responsibility.

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 and internal auditors separately at least once a year, without the presence of 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.

To keep abreast of the changes in accounting standards and issues which have a direct impact on financial statements, advice is sought from the external auditors when they attend the AC meetings quarterly.

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 Rules 712, 715 and 716 of SGX-ST's Listing Manual.

Internal Audit

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

The Company has outsourced the internal audit function to an independent external audit firm as 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.

SHAREHOLDER RIGHTS AND COMMUNICATIONS WITH SHAREHOLDERS

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

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

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

REPORT ON CORPORATE GOVERNANCE

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.

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.

The Company Secretary prepare minutes of annual general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and Management, and is made available to Shareholders upon their request.

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 2013.

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 2013.

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 2013.

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	–	Lead Independent Director
Chia Kwok Ping	–	Independent Director

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed below, 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 2013**	**31 December 2013**	**1 January 2013**	**31 December 2013**
The Company				
Heeton Holdings Limited				
(Ordinary shares)				
Toh Khai Cheng [1]	13,919,350	16,703,220	91,703,425	110,044,110
Toh Giap Eng [2]	21,415,025	25,798,030	56,159,100	67,390,920
Toh Gap Seng [3]	12,269,475	14,723,370	300,000	360,000
Chew Chin Hua	30,000	36,000	–	–
Tan Tiong Cheng	10,000	12,000	–	–

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (Continued)

(1) Toh Khai Cheng is deemed to be interested in the 67,390,920 ordinary shares held by Heeton Investments Pte Ltd and the 40,992,300 shares held by Hong Heng Company Private Limited. Toh Khai Cheng is also deemed to be interested in 1,660,890 shares held by his deceased spouse.

(2) Toh Giap Eng is deemed to be interested in the 67,390,920 shares held by Heeton Investments Pte Ltd.

(3) Toh Gap Seng is deemed to be interested in the 360,000 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 2014.

By virtue of Section 7 of the Companies Act, Messrs Toh Khai Cheng and Toh Giap Eng 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:

- Reviewed the audit plans of the internal and external auditors of the Company and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors;

- Reviewed 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;

- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviewed carried out by the internal auditor;

- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

- Reviewed 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;

- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;

- Reviewed the nature and extent of non-audit services provided by the external auditor;

- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and

- Reviewed 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 auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. 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)

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

AUDITOR

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
27 March 2014

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 2013 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
27 March 2014

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

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 41 to 139, which comprise the balance sheets of the Group and the Company as at 31 December 2013, 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 2013

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 2013 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
Chartered Accountants
Singapore

27 March 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

(In Singapore dollars)

	Note	2013 $'000	2012 $'000
Revenue	4	**60,361**	52,517
Cost of properties sold		**(39,340)**	(27,414)
Other operating income	5	**2,660**	1,209
Personnel expenses	6	**(3,533)**	(3,265)
Depreciation of fixed assets		**(242)**	(246)
Other operating expenses		**(9,971)**	(8,207)
Profit from operations	7	**9,935**	14,594
Finance expenses	8(a)	**(5,252)**	(4,670)
Finance income	8(b)	**3,043**	2,258
Share of results of associated companies	14	**7,110**	333
Gains from fair value adjustments of investment properties	12	**5,300**	42,242
Gain from negative goodwill	14	**–**	564
Profit before tax		**20,136**	55,321
Income tax expense	9	**(1,787)**	(2,623)
Profit for the year		**18,349**	52,698
Other comprehensive income:			
Foreign currency translation		**1,227**	(1,136)
Other comprehensive income/(expense) for the year, net of tax		**1,227**	(1,136)
Total comprehensive income for the year		**19,576**	51,562
Profit for the year			
Attributable to:			
Owners of the Company		**18,350**	52,699
Non-controlling interests		**(1)**	(1)
		18,349	52,698

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

(In Singapore dollars)

	Note	2013 $'000	2012 $'000
Total comprehensive income for the year:			
Attributable to:			
Owners of the Company		**19,577**	51,563
Non-controlling interests		**(1)**	(1)
		19,576	51,562
Earnings per share attributable to owners of the Company (cents per share)			
Basic	10	**7.69**	23.54
Diluted	10	**7.69**	23.54

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

BALANCE SHEETS

AS AT 31 DECEMBER 2013

(In Singapore dollars)

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Non-current assets					
Fixed assets	11	**457**	501	**206**	283
Investment properties	12	**265,102**	334,600	**–**	76,000
Subsidiaries	13	**–**	–	**31,670**	31,670
Associated companies	14	**97,040**	91,760	**–**	–
Joint venture companies	15	**–**	–	**5,000**	5,000
Other investments	16	**3,050**	2,591	**–**	–
Intangible assets	17	**109**	109	**–**	–
Deferred tax assets	18	**62**	63	**8**	8
		365,820	429,624	**36,884**	112,961
Current assets					
Development properties	19	**329,794**	249,188	**69,055**	–
Trade receivables	20	**3,809**	2,027	**1**	1
Other receivables	21	**6,049**	680	**737**	3
Prepayments		**1,250**	179	**307**	20
Amounts due from subsidiaries (non-trade)	22	**–**	–	**128,567**	106,531
Amounts due from related parties (trade)	22	**13**	198	**–**	–
Fixed deposits	23	**50,587**	7,713	**47,000**	–
Cash and bank balances	24	**11,126**	1,931	**3,550**	68
		402,628	261,916	**249,217**	106,623

BALANCE SHEETS

AS AT 31 DECEMBER 2013

(In Singapore dollars)

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Current liabilities					
Trade payables	25	**10,239**	9,259	**529**	92
Other payables and accruals	26	**6,796**	5,382	**1,683**	809
Amounts due to subsidiaries (non-trade)	22	**–**	–	**14,958**	22,251
Amounts due to related parties (non-trade)	22	**–**	1,550	**–**	1,550
Lease obligations	32	**45**	94	**4**	53
Short-term bank loans	27	**13,000**	46,705	**1,000**	32,000
Bank term loans	28	**121,260**	37,385	**–**	1,160
Bank overdrafts	27	**–**	10,832	**–**	493
Income tax payable		**1,906**	3,787	**85**	302
		153,246	114,994	**18,259**	58,710
Net current assets		**249,382**	146,922	**230,958**	47,913
Non-current liabilities					
Other payables and accruals	26	**1,360**	1,466	**–**	–
Lease obligations	32	**21**	66	**–**	4
Bonds	29	**75,000**	–	**75,000**	–
Bank term loans	28	**235,692**	288,551	**60,995**	24,777
		(312,073)	(290,083)	**(135,995)**	(24,781)
Net assets		**303,129**	286,463	**131,847**	136,093
Equity attributable to owners of the Company					
Share capital	30	**58,803**	58,803	**58,803**	58,803
Shareholders' contribution	34	**8,596**	8,596	**–**	–
Other reserves	31	**(247)**	(1,474)	**–**	–
Retained earnings		**235,981**	220,541	**73,044**	77,290
		303,133	286,466	**131,847**	136,093
Non-controlling interests		**(4)**	(3)	**–**	–
Total equity		**303,129**	286,463	**131,847**	136,093

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 2013

(In Singapore dollars)

		Attributable to owners of the Company						
	Note	Share capital (Note 30) $'000	Share-holders' contribution $'000	Other reserves (Note 31) $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
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	41	–	–	–	(2,462)	(2,462)	–	(2,462)
At 31 December 2012		58,803	8,596	(1,474)	220,541	286,466	(3)	286,463
Balance at 1 January 2013		**58,803**	**8,596**	**(1,474)**	**220,541**	**286,466**	**(3)**	**286,463**
Profit for the year		**–**	**–**	**–**	**18,350**	**18,350**	**(1)**	**18,349**
Other comprehensive income								
– Foreign currency translation		**–**	**–**	**1,227**	**–**	**1,227**	**–**	**1,227**
Total comprehensive income for the year		**–**	**–**	**1,227**	**18,350**	**19,577**	**(1)**	**19,576**
Dividend on ordinary shares	41	**–**	**–**	**–**	**(2,910)**	**(2,910)**	**–**	**(2,910)**
At 31 December 2013		**58,803**	**8,596**	**(247)**	**235,981**	**303,133**	**(4)**	**303,129**

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 2013

(In Singapore dollars)

	Note	2013 $'000	2012 $'000
Cash flow from operating activities			
Profit before tax		**20,136**	55,321
Adjustments:			
Depreciation of fixed assets	11	**242**	246
Dividend income from investee company	5	**(593)**	(328)
Share of results of associated companies	14	**(7,110)**	(333)
Gain from negative goodwill	14	**–**	(564)
Gains from fair value adjustments of investment properties	12	**(5,300)**	(42,242)
Reversal of impairment loss on trade receivables	20	**–**	(367)
Interest expense	8(a)	**5,252**	4,670
Interest income	8(b)	**(3,043)**	(2,258)
Unrealised exchange differences		**438**	(229)
Total adjustments		**(10,114)**	(41,405)
Operating cash flows before changes in working capital		**10,022**	13,916
Changes in working capital:			
Increase in development properties		**(127)**	(21,309)
(Increase)/decrease in trade receivables		**(1,782)**	7,744
(Increase)/decrease in other receivables		**(5,369)**	70
(Increase)/decrease in prepayments		**(1,071)**	721
Increase/(decrease) in trade payables		**980**	(163)
Increase/(decrease) in other payables and accruals		**1,308**	(485)
(Decrease)/increase in amounts due to related parties (non-trade)		**(1,550)**	1,550
Decrease/(increase) in amounts due from related parties (trade)		**185**	(194)
Total changes in working capital		**(7,426)**	(12,066)
Cash flows from operations		**2,596**	1,850
Interest received		**3,043**	2,258
Interest paid (including amounts capitalised)		**(9,191)**	(8,526)
Income taxes paid		**(3,667)**	(5,625)
Net cash flows used in operating activities		**(7,219)**	(10,043)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

(In Singapore dollars)

	Note	2013 $'000	2012 $'000
Cash flows from investing activities			
Dividends received from investee company		**593**	328
Renovation of investment property		**(1,202)**	–
Proceeds from redemption of preference shares in other investment		**–**	2,075
Advance to investee companies		**(459)**	(1,500)
Advance from/(to) associated companies		**2,529**	(24,548)
Investment in associated companies		**(450)**	(569)
Purchase of fixed assets		**(198)**	(40)
Net cash flows from/(used in) investing activities		**813**	(24,254)
Cash flows from financing activities			
Dividends paid on ordinary shares by the Company	41	**(2,910)**	(2,462)
Proceeds from loans and borrowings		**71,783**	29,000
Proceeds from bond issue		**75,000**	–
Repayment of lease obligations		**(94)**	(93)
Repayment of loans and borrowings		**(74,472)**	(10,508)
Net cash flows from financing activities		**69,307**	15,937
Net increase/(decrease) in cash and cash equivalents		**62,901**	(18,360)
Cash and cash equivalents at beginning of year		**(1,188)**	17,172
Cash and cash equivalents at end of year	A	**61,713**	(1,188)

A. CASH AND CASH EQUIVALENTS

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

	Note	2013 $'000	2012 $'000
Fixed deposits		**50,587**	7,713
Cash and bank balances	24	**11,126**	1,931
Bank overdrafts		**–**	(10,832)
Cash and cash equivalents at end of year		**61,713**	(1,188)

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

NOTES TO THE FINANCIAL STATEMENTS

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(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 which are effective for annual financial periods beginning on or after 1 January 2013. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

Accordingly to the transition provisions of FRS 113 *Fair Value Measurement*, FRS 113 has been applied prospectively by the Group on 1 January 2013.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(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 that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
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 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
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 112 and FRS 27: Investment Entities*	1 January 2014
FRS 36 *Amendments to FRS 36: Recoverable Amount Disclosures for Non-financial Assets*	1 January 2014
FRS 39 *Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
– *Improvements to FRSs (January 2014)*	1 July 2014
FRS 19 *Amendments to FRS 19: Defined Benefit Plans: Employee Contributions*	1 July 2014
– Improvements to FRSs (February 2014)	1 July 2014
INT FRS 121 *Levies*	1 January 2014

Except for FRS 111, Revised FRS 28 and FRS 112, the directors expect that the adoption of the other standards 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 FRS 111, Revised FRS 28 and FRS 112 are described below.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(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

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 joint control of the arrangement have rights to the assets and obligations for the liabilities of the arrangement 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.

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 result in decrease in total assets and total liabilities.

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 applied in 2014.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Foreign currency

The 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) *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 measured.

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 Company'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 Company on disposal of the foreign operation.

(b) *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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(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)

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.

– 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(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.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, 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. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(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 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2.9 Fixed assets

All items of fixed assets are initially recorded at cost. Subsequent to recognition, fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of fixed assets 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 2.20. 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.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Fixed assets (Continued)

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives 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 value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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.

2.10 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held 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 an investment property is met.

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. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Investment properties (Continued)

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.

For 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.

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 to the estimated costs to complete.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Construction contracts (Continued)

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 can be 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.

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.

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 recognises 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 of disposal 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.

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.

Impairment losses of continuing operations are recognised in profit or loss, 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Financial instruments

(a) *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:

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

Financial assets at fair value through profit or loss include financial assets held for trading. 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.

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 measured at fair value with changes in fair value recognised in 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Financial instruments (Continued)

(a) *Financial assets (Continued)*

Subsequent measurement (Continued)

(ii) 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.

(iii) 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.

(iv) 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 2013

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Financial instruments (Continued)

(a) *Financial assets (Continued)*

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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.

(b) *Financial liabilities*

Initial recognition and measurement

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 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 2013

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Financial instruments (Continued)

(c) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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.

When the asset becomes uncollectible, the carrying amount of impaired financial asset 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(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)*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 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.

2.20 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.

2.21 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 2013

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 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 and 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 2.24(III). Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 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.

2.24 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 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.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Revenue (Continued)

II *Sale of development property under construction (Continued)*

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Revenue (Continued)

V *Rendering of services*

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

VI *Dividend income*

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

2.25 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Taxes (Continued)

(b) *Deferred tax (Continued)*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Taxes (Continued)

(b) *Deferred tax (Continued)*

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 is 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.

2.26 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 40, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.28 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.

2.29 Government grants

Government grants are recognised when 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.30 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).

2.31 Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(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 2013 was $109,000 (2012: $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 36 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(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 2013. 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 2013 was $265,102,000 (2012: $334,600,000).

If the yield adjustments used in the valuation had been 3% higher than management's estimate, the carrying amount of the investment properties would have been $7,953,000 higher.

(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 2013

(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 (2012: $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 assets at 31 December 2013 was $1,906,000 (2012: $3,787,000) and $62,000 (2012: $63,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(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	
	2013	2012
	$'000	$'000
Revenue from sale of development properties (recognised on completed contract basis)	**3,372**	16,146
Revenue from sale of development properties (recognised on percentage of completion basis)	**36,277**	15,653
Total revenue from sale of development properties	**39,649**	31,799
Rental and related income from investment properties	**20,654**	20,601
Management fees income	**58**	117
	60,361	52,517

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(In Singapore dollars)

5. OTHER OPERATING INCOME

	Group	
	2013	**2012**
	$'000	**$'000**
Dividend income from investee company	**593**	328
Forfeiture of deposits	**1,115**	4
Tentage and other rental	**251**	242
Management fees income from associated companies	**592**	384
Others	**109**	251
	2,660	1,209

6. PERSONNEL EXPENSES

	Group	
	2013	**2012**
	$'000	**$'000**
Salaries and bonuses	**3,205**	2,941
Central Provident Fund contributions	**241**	254
Other staff costs	**87**	70
	3,533	3,265

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(In Singapore dollars)

7. PROFIT FROM OPERATIONS

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

	Group	
	2013	**2012**
	$'000	**$'000**
Audit fees paid to:		
– auditors of the Company	**168**	156
Non-audit fees paid to:		
– auditors of the Company	**108**	145
– other auditors	**16**	25
Depreciation of fixed assets	**242**	246
Directors' remuneration		
– directors of the Company	**1,204**	1,214
– directors of subsidiaries	**240**	190
Directors' fees		
– directors of the Company	**399**	373
– directors of subsidiaries	**21**	33
Joint venture's directors' fees	**125**	125
Gains from fair value adjustments of investment properties	**(5,300)**	(42,242)
Reversal of impairment loss on trade receivables, net	**–**	(367)
Building repairs and maintenance	**1,957**	1,871
Property tax	**1,886**	1,790
Sales and marketing expenses	**1,582**	1,932
Operating lease expenses	**310**	303

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

8. FINANCE EXPENSES/(INCOME)

		Note	Group 2013 $'000	Group 2012 $'000
(a)	**Finance expenses**			
	Interest expense on:			
	– bank loans		**8,458**	8,295
	– bank overdrafts		**103**	249
	– lease obligations		**7**	7
	– bonds		**644**	–
	– fair value adjustment on security deposits		**(21)**	(25)
			9,191	8,526
	Less: Interest capitalised in development properties	19	**(3,939)**	(3,856)
			5,252	4,670
(b)	**Finance income**			
	Interest income from loans and receivables:			
	– fixed deposits		**(52)**	(16)
	– loans to associated companies		**(2,417)**	(2,057)
	– loans to investee companies		**(130)**	(60)
	– loans to joint venture companies		**(444)**	(125)
			(3,043)	(2,258)

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

9. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2013 and 2012 are:

	Group	
	2013	2012
	$'000	$'000
Statement of comprehensive income:		
Current income tax:		
– Current year	**1,764**	3,495
– Under provision in respect of previous years	**22**	305
	1,786	3,800
Deferred income tax:		
– Origination and reversal of temporary differences	**1**	(1,279)
– Under provision in respect of previous years	**–**	102
	1	(1,177)
Income tax expense recognised in profit or loss	**1,787**	2,623

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(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 2013 and 2012 are as follows:

	Group	
	2013	**2012**
	$'000	**$'000**
Accounting profit before tax	**20,136**	55,321
Taxation at statutory tax rate of 17% (2012: 17%)	**3,423**	9,405
Adjustments:		
Non-deductible expenses	**714**	106
Income not subject to taxation	**(1,192)**	(7,220)
Effect of tax rebate and partial tax exemption	**(245)**	(177)
Benefits from previously unrecognised tax losses	**(6)**	(123)
Deferred tax assets not recognised	**278**	172
Under provision in respect of previous years	**22**	407
Share of results of associated companies	**(1,209)**	(153)
Tax losses not allowed to be carried forward	**16**	200
Others	**(14)**	6
Income tax expense recognised in profit or loss	**1,787**	2,623

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(In Singapore dollars)

10. EARNINGS PER SHARE

Basic earnings per share is 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 is 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	
	2013	**2012**
	$'000	**$'000**
Profit for the year attributable to owners of the Company used in the computation of basic earnings per share and diluted earnings per share	**18,350**	52,699
	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	**238,769**	223,846

NOTES TO THE FINANCIAL STATEMENTS

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(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 2012	3,367	1,186	696	281	296	237	6,063
Additions	–	–	–	–	4	36	40
Disposal	–	–	–	–	–	(3)	(3)
At 31 December 2012 and 1 January 2013	3,367	1,186	696	281	300	270	6,100
Additions	150	–	–	2	14	32	198
Disposal	–	–	–	(1)	–	(4)	(5)
At 31 December 2013	**3,517**	**1,186**	**696**	**282**	**314**	**298**	**6,293**
Accumulated depreciation:							
At 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 and 1 January 2013	3,348	1,145	332	281	300	193	5,599
Charge for the year	21	41	130	1	3	46	242
Disposal	–	–	–	(1)	–	(4)	(5)
At 31 December 2013	**3,369**	**1,186**	**462**	**281**	**303**	**235**	**5,836**
Net book value:							
At 31 December 2013	**148**	**–**	**234**	**1**	**11**	**63**	**457**
At 31 December 2012	19	41	364	–	–	77	501

NOTES TO THE FINANCIAL STATEMENTS

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(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 2012	12	71	18	222	330	653
Additions	–	–	–	35	–	35
Disposal	–	–	–	(2)	–	(2)
At 31 December 2012 and 1 January 2013	12	71	18	255	330	686
Additions	–	–	–	33	–	33
Disposal	–	–	–	(4)	–	(4)
At 31 December 2013	**12**	**71**	**18**	**284**	**330**	**715**
Accumulated depreciation:						
At 1 January 2012	12	71	18	138	61	300
Charge for the year	–	–	–	39	66	105
Disposal	–	–	–	(2)	–	(2)
At 31 December 2012 and 1 January 2013	12	71	18	175	127	403
Charge for the year	–	–	–	44	66	110
Disposal	–	–	–	(4)	–	(4)
At 31 December 2013	**12**	**71**	**18**	**215**	**193**	**509**
Net book value:						
At 31 December 2013	**–**	**–**	**–**	**69**	**137**	**206**
At 31 December 2012	–	–	–	80	203	283

Assets held under finance leases

As at 31 December 2013, the Group and Company had motor vehicles under finance leases with a net book value of approximately $234,000 and $137,000 (2012: $343,000 and $203,000), respectively.

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

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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 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
(a)	Tampines Mart (Block 5, 7, 9, 11 Tampines Street 32)	Shops	Leasehold	79 years	**102,200**	98,000	**–**	–
(b)	Sun Plaza (30 Sembawang Drive)	Shops	Leasehold	82 years	**126,202**	125,000	**–**	–
(c)	The Woodgrove (30 Woodlands Avenue 1)	Shops	Leasehold	82 years	**29,800**	29,000	**–**	–
(d)	62 Sembawang Road	Transport facility	Freehold	Estate in perpetuity	**6,900**	6,600	**–**	–
(e)	El Centro (11 Kee Seng Street)	Apartment units and shop unit	Freehold	Freehold	**–**	76,000	**–**	76,000
					265,102	334,600	**–**	76,000

The movement in investment properties is as follows:

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Balance sheet				
Balance as at beginning of year	**334,600**	250,800	**76,000**	–
Transfer (to)/from development property	**(76,000)**	39,187	**(76,000)**	39,187
Additions (subsequent expenditure)	**1,202**	2,371	**–**	2,371
Gains from fair value adjustments recognised in statement of comprehensive income	**5,300**	42,242	**–**	34,442
Balance as at end of year	**265,102**	334,600	**–**	76,000

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

12. INVESTMENT PROPERTIES (Continued)

During the year, the Group and Company transferred one property from investment property to development property following the change in use and the property commenced redevelopment for sale in September 2013.

	Group	
	2013	**2012**
	$'000	**$'000**
Statement of comprehensive income:		
Rental income from investment properties:		
– Minimum lease payments	**20,606**	20,601
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties	**4,078**	4,244

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 2013 and 31 December 2012. 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. Details of valuation inputs used are disclosed in Note 37.

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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(In Singapore dollars)

13. SUBSIDIARIES

(a) Investment in subsidiaries comprises:

	Company 2013 $'000	Company 2012 $'000
Unquoted equity shares, at cost	**33,481**	33,481
Less: Impairment losses	**(1,811)**	(1,811)
Carrying amount of investments	**31,670**	31,670

Movement of impairment losses:

	2013 $'000	2012 $'000
At beginning of year	**1,811**	1,891
Write back of impairment losses	**–**	(80)
At end of year	**1,811**	1,811

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2013 %	Equity interest held by the Group 2012 %	Cost of investment by the Company 2013 $'000	Cost of investment by the Company 2012 $'000
	Held by the Company					
*	Heeton Estate Pte Ltd (Singapore)	Property investment holding	**100**	100	**22,962**	22,962
*	Development 11KS Pte. Ltd. (Previously known as 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

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(In Singapore dollars)

13. SUBSIDIARIES (Continued)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Company	
			2013 %	2012 %	2013 $'000	2012 $'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	**–@**	–@
*	Venture (UK) Pte. Ltd. (Singapore)	Investment holding	**100**	–	**–@**	–
*	Heeton Invesco Pte. Ltd. (Singapore)	Investment holding	**100**	–	**–@**	–

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(In Singapore dollars)

13. SUBSIDIARIES (Continued)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2013 %	Equity interest held by the Group 2012 %	Cost of investment by the Company 2013 $'000	Cost of investment by the Company 2012 $'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	**–**	–
*	Prospere Development Pte. Ltd. (Singapore)	Investment holding	**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**	100	**–**	–
					33,481	33,481

* Audited by Ernst & Young LLP, Singapore.
** Not required to be audited.
@ $2 comprising two subscriber shares of $1 each.

Impairment testing of investment in subsidiaries

As at 31 December 2013, the Company has recognised accumulated impairment losses on investment in subsidiaries amounting to $1,811,000 (2012: $1,811,000). During the financial year ended 31 December 2012, a write-back of impairment loss of $80,000 was made as there was indication that previously recognised impairment losses no longer existed or decreased.

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(In Singapore dollars)

14. ASSOCIATED COMPANIES

Investment in associated companies comprises:

	Group	
	2013	**2012**
	$'000	**$'000**
Unquoted equity shares, at cost	**20,453**	20,003
Share of post-acquisition reserves	**4,117**	(2,968)
Exchange differences	**–**	(281)
	24,570	16,754
Amounts due from associated companies	**72,470**	75,006
Carrying amount of investments	**97,040**	91,760

Amounts 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.

Amounts due from associated companies amounting to $18,249,000 (2012: $12,129,000) is interest free and denominated in Thai Baht. Amounts due from associated companies amounting to $56,432,000 (2012: $62,877,000) is denominated in Singapore Dollars, and includes an amount of $44,403,000 (2012: $55,220,000) which bears interest at 5% (2012: 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's cumulative share of unrecognised losses at the end of the reporting period was $845,000 (2012: $799,000), of which $46,000 (2012: profit of $21,000) 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 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 $2,378,000 (2012: $1,607,000), of which $771,000 (2012: $662,000) 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 $1,111,000 (2012: $1,102,000), of which $9,000 (2012: $91,000) 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 has not recognised its share of the current year profit of $226,000 (2012: loss of $328,000) relating to Unique Realty Pte. Ltd. as the Group's cumulative share of unrecognised losses with respect to that associate was $102,000 (2012: $328,000). The Group has no obligation in respect of these losses.

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14. ASSOCIATED COMPANIES (Continued)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2013 %	2012 %	Cost of investment by the Group 2013 $'000	2012 $'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**	42.00	**420**	420
***	Unique Resi Estate Pte. Ltd. (Singapore)	Property development	**30.00**	30.00	**300**	300

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14. ASSOCIATED COMPANIES (Continued)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2013 %	2012 %	Cost of investment by the Group 2013 $'000	2012 $'000
	Held through subsidiaries (Continued)					
##	Unique Wellness Pte. Ltd. (Singapore)	Property development	**20.00**	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**	12,824
	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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14. ASSOCIATED COMPANIES (Continued)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2013 %	Equity interest held by the Group 2012 %	Cost of investment by the Group 2013 $'000	Cost of investment by the Group 2012 $'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**	12.25	**–**	–
	Held through Unique Rezi Pte. Ltd.					
#	Oxley Sanctuary Pte. Ltd. (Singapore)	Property development	**12.60**	12.60	**–**	–
	Held through Heeton Invesco Pte. Ltd.					
##	Eden I Residences Pte. Ltd. (Singapore)	Investment holding	**30.00**	–	**450**	–
##	Habitat Investments Pte. Ltd. (Singapore)	Investment holding	**20.00**	–	**–**@@@	–
	Held through Unique Capital Pte. Ltd.					
***	Mountbatten Edge Pte. Ltd. (Singapore)	Property investment holding	**16.00**	16.00	**–**	–
					20,453	20,003

* 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.
@ Classified as associated companies based on voting power which does not constitute control.
@@ $1 comprising one subscriber share.
@@@ $200 comprising 200 shares.

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(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:

	2013 $'000	2012 $'000
Assets and liabilities		
Total assets	**476,103**	455,093
Total liabilities	**442,536**	440,128
Results		
Revenue	**117,571**	48,715
Profit for the year	**18,474**	310

Acquisition of an associated company

(a) *Eden I Residences Pte. Ltd*

On 12 August 2013, the Group's wholly-owned subsidiary company, Heeton Invesco Pte. Ltd., acquired a 30% equity interest in Eden I Residences Pte. Ltd. ("Eden I"). The Group has acquired Eden I in order to expand its presence in Vietnam.

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

	Fair value on acquisition date 2013 $'000
Cash and cash equivalents	368
Accruals and other payables	(368)
Total identifiable net assets at fair value	–
<u>Less: Consideration transferred for the acquisition of Eden I</u>	
Cash paid	(450)
Goodwill arising from acquisition	450

<u>Provisional accounting for the acquisition of Eden I</u>

The goodwill of $450,000 arises from the higher consideration paid for Eden I compared to the fair value of Eden I. A preferential lease agreement has been identified as an intangible asset arising from this acquisition. Management is in the process of determining the fair value of the preferential lease agreement. Goodwill arising from this acquisition and the carrying amount of the preferential lease agreement will be adjusted accordingly on a retrospective basis when the valuation of the preferential lease agreement is finalised.

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14. ASSOCIATED COMPANIES (Continued)

Acquisition of an associated company (Continued)

(b) *Econolodge Co., Ltd*

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.

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

	Fair value on acquisition date 2012 $'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

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14. ASSOCIATED COMPANIES (Continued)

Acquisition of an associated company (Continued)

(b) *Econolodge Co., Ltd (Continued)*

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.

15. JOINT VENTURE COMPANIES

Investment in joint venture companies comprises:

	Company	
	2013	**2012**
	$'000	**$'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		Cost of investment by the Company	
			2013	**2012**	**2013**	**2012**
			%	**%**	**$'000**	**$'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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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:

	2013 $'000	2012 $'000
Statement of comprehensive income		
Revenue	**45,297**	24,848
Expenses	**8,151**	21,120
Assets and liabilities		
Non-current assets	**126,258**	125,058
Current assets	**115,136**	124,614
Total assets	**241,394**	249,672
Current liabilities	**90,224**	56,052
Non-current liabilities	**96,204**	140,199
Total liabilities	**186,428**	196,251

16. OTHER INVESTMENTS

	Group	
	2013 $'000	2012 $'000
Equity instruments (unquoted), at cost	**218**	218
Amounts due from investee companies (non-trade)	**2,832**	2,373
	3,050	2,591

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16. OTHER INVESTMENTS (Continued)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2013 %	Equity interest held by the Group 2012 %	Cost of investment by the Group 2013 $'000	Cost of investment by the Group 2012 $'000
*	Panareno Sdn Bhd (Malaysia)	Property development	**15**	15	**16**	16
**	Development 26 Pte. Ltd. (Singapore)	Property development	**10**	10	**100**	100
**	Development 32 Pte. Ltd. (Singapore)	Property development	**10**	10	**100**	100
***	Unique Commercial Pte. Ltd. (Singapore)	Property development	**15**	15	**2**	2
					218	218

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

During the year ended 31 December 2012, the Group redeemed 5,120,250 redeemable preference shares of RM0.01 each at a premium of RM0.99 amounting to $2,272,000.

Amounts due from investee companies of $2,832,000 (2012: $2,373,000) 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.

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17. INTANGIBLE ASSETS

	Goodwill $'000
Group	
Cost:	
At 1 January 2012, 31 December 2012, 1 January 2013 and 31 December 2013	**175**
Accumulated impairment:	
At 1 January 2012, 31 December 2012, 1 January 2013 and 31 December 2013	**66**
Net carrying amount:	
At 31 December 2012 and 31 December 2013	**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
	2013 $'000	**2012 $'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 2013	**109**
At 31 December 2012	**109**

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(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 2013 and 2012 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

Deferred tax assets arose as a result of:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets				
Differences in depreciation	**8**	8	**8**	8
Provisions	**54**	55	**–**	–
	62	63	**8**	8

As at 31 December 2013, the Group had unutilised tax losses of approximately $3,473,000 (2012: $4,329,000) 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.

Tax consequences of proposed dividends

There are no income tax consequences (2012: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 41).

Unrecognised temporary differences relating to investments in associates

At the end of the reporting period, no deferred tax liability (2012: nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's overseas associates as the overseas associates of the Group cannot distribute its earnings until it obtains the consent of the shareholders. At the end of the reporting period, the Group does not foresee giving such consent.

Such temporary differences for which no deferred tax liability has been recognised aggregate to $312,000 (2012: $250,000).

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19. DEVELOPMENT PROPERTIES

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Cost of land	**272,918**	212,070	**76,085**	–
Interest capitalised	**33,453**	29,514	**623**	–
Development and related costs	**102,602**	79,062	**913**	–
	408,973	320,646	**77,621**	–
Attributable profit recognised	**31,050**	31,543	**–**	–
	440,023	352,189	**77,621**	–
Progress billings	**(110,229)**	(103,001)	**(8,566)**	–
	329,794	249,188	**69,055**	–
Interest capitalised during the year	**3,939**	3,856	**623**	–

(i) As at the end of financial year, borrowing costs of $33,453,000 (2012: $29,514,000), 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 1.81% to 3.69% (2012: 1.24% to 4.02%) per annum.

(ii) Development properties amounting to $315,188,000 (2012: $246,107,000) under development have been pledged as security for bank loans (Notes 27 and 28).

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(In Singapore dollars)

19. DEVELOPMENT PROPERTIES (Continued)

The development properties held by the Group (excluding associated companies) as at 31 December 2013 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	TOP obtained in October 2013
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	90% (FY2014)
Earlington at 30-31 Philbeach Gardens, London	100	125 years	Apartment	15 exclusive apartments in Royal Borough of Kensington and Chelsea	433	751	Construction work in progress (FY2014)
Onze@Tanjong Pagar at 11 Kee Seng Street	100	Freehold	Apartment	Proposed mixed development consisting of 56 residential units and 13 commercial units	1,373	5,572	Tendering for main building contract (FY2018)

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20. TRADE RECEIVABLES

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	**3,828**	2,046	**1**	1
Less: Allowance for impairment	**(19)**	(19)	**–**	–
	3,809	2,027	**1**	1

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of year	**19**	395	**–**	–
Reversal for the year	**–**	(367)	**–**	–
Written off	**–**	(9)	**–**	–
At end of year	**19**	19	**–**	–

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 $280,000 (2012: $1,975,000) 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 are as follows:

	Group	
	2013	**2012**
	$'000	**$'000**
Trade receivables past due but not impaired:		
Lesser than 30 days	**95**	62
30 to 60 days	**67**	86
61 to 90 days	**17**	10
91 to 120 days	**–**	–
More than 120 days	**101**	1,817
	280	1,975

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20. TRADE RECEIVABLES (Continued)

Receivables that are impaired

	Group Individually impaired	
	2013	2012
	$'000	$'000
Trade receivables – nominal amounts	**19**	19
Less: Allowance for impairment	**(19)**	(19)
	–	–

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	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Financial assets				
Deposits	**5,764**	261	**714**	–
Other receivables	**285**	419	**23**	3
	6,049	680	**737**	3

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 $84,865,000 (2012: $77,258,000) and amounts due to subsidiaries of $14,259,000 (2012: $22,036,000) which bear interest at 3.25% (2012: 3.25%) per annum. These amounts are to be settled in cash.

	Company	
	2013	2012
	$'000	$'000
Amounts due from subsidiaries	**133,914**	111,878
Less: Allowance for impairment	**(5,347)**	(5,347)
	128,567	106,531

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22. AMOUNTS DUE FROM/TO SUBSIDIARIES (NON-TRADE) AMOUNTS DUE FROM RELATED PARTIES (TRADE) AMOUNTS DUE TO RELATED PARTIES (NON-TRADE) (Continued)

Movements in allowance for impairment of amounts due from subsidiaries are as follows:

	Company	
	2013	**2012**
	$'000	**$'000**
At beginning of year	**(5,347)**	(4,503)
Charge for the year	**–**	(844)
At end of year	**(5,347)**	(5,347)

Receivables that are impaired

At the end of the reporting period, the Company has provided an allowance of $5,347,000 (2012: $5,347,000) for impairment of receivables from subsidiaries with a nominal amount of $12,102,000 (2012: $6,525,000). 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 2013 for the Group and the Company were 0.26% (2012: 0.22%) and 0.57% (2012: Nil%) respectively.

The fixed deposits of the Group and the Company have an average maturity of 57 days (2012: 66 days) and 47 days respectively.

24. CASH AND BANK BALANCES

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Cash on hand	**3**	5	**–**	–
Cash at bank	**11,123**	1,926	**3,550**	68
	11,126	1,931	**3,550**	68

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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	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Current portion:				
Financial liabilities				
Accrued operating expenses	**2,877**	2,127	**1,665**	774
Rental deposits received	**2,367**	2,353	**–**	–
Other deposits received	**207**	243	**2**	2
Other payables	**1,074**	361	**16**	30
	6,525	5,084	**1,683**	806
Non-financial liabilities				
Advance rental received	**102**	136	**–**	3
Deferred lease income	**169**	162	**–**	–
	6,796	5,382	**1,683**	809
Non-current portion:				
Financial liabilities				
Rental deposits received	**1,360**	1,466	**–**	–

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

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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	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Secured	**12,000**	39,705	**–**	25,000
Unsecured	**1,000**	7,000	**1,000**	7,000
	13,000	46,705	**1,000**	32,000

The Group's short-term loans bear interest at rates ranging from 1.4% to 1.8% (2012: 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% (2012: 1.5% to 1.8%) above SIBOR or bank's cost of fund per annum during the year.

(b) Bank overdrafts

As at 31 December 2012, the bank overdrafts bore interest ranging from 0% to 1% per annum above the bank's prevailing prime rate.

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(In Singapore dollars)

28. BANK TERM LOANS

Details of bank term loans are as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Secured	**357,952**	325,936	**60,995**	25,937
Repayable:				
– not later than 1 year	**121,260**	37,385	**–**	1,160
– 1 year through 5 years	**235,692**	268,736	**60,995**	4,962
– after 5 years	**–**	19,815	**–**	19,815
	356,952	325,936	**60,995**	25,937

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 1.375% to 2.0% (2012: 1.125% to 1.875%) 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 2.0% (2012: 1.5%) above bank's board rate per annum during the year.

29. BONDS

Bonds with a face value of $75,000,000 are unsecured and are repayable in November 2015. The bonds bear interest at a fixed rate of 5.6% per annum.

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30. SHARE CAPITAL

	Group and Company			
	2013		2012	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
At beginning of year	**223,846**	**58,803**	223,846	58,803
Bonus share issue	**44,769**	**–**	–	–
At end of year	**268,615**	**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.

On 3 September 2013, as part of a bonus issue exercise, the Company allotted and issued 44,769,194 new ordinary shares and 44,725,944 bonus warrants. The bonus warrants entitle the holders to subscribe for new ordinary shares at the exercise price of $0.70 each, and the warrants may be exercised from 3 March 2014 to 3 September 2015.

31. OTHER RESERVES

	Group	
	2013 $'000	2012 $'000
Foreign currency translation reserve	**(247)**	(1,474)

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.

	2013	2012
Balance at beginning of year	**(1,474)**	(338)
Foreign currency translation	**1,227**	(1,136)
Balance at end of year	**(247)**	(1,474)

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32. COMMITMENTS

(a) Operating lease commitments – as lessee

As at 31 December 2013, 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 $310,000 (2012: $303,000).

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

	Group	
	2013	**2012**
	$'000	**$'000**
Future minimum payments		
– not later than 1 year	**310**	265
– 1 year through 5 years	**585**	562
	895	827

(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	
	2013	**2012**
	$'000	**$'000**
Lease payments receivable		
– not later than 1 year	**15,255**	15,747
– 1 year through 5 years	**9,488**	9,230
– after 5 years	**696**	870
	25,439	25,847

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32. COMMITMENTS (Continued)

(c) Finance lease commitments

	Total minimum lease payments 2013 $'000	Present value of payments 2013 $'000	Total minimum lease payments 2012 $'000	Present value of payments 2012 $'000
Group				
Within one year	**50**	**45**	101	94
After one year but not more than five years	**23**	**21**	73	66
Total minimum lease payments	**73**	**66**	174	160
Less: Amounts representing finance charges	**(7)**	**–**	(14)	–
Present value of minimum lease payments	**66**	**66**	160	160

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% (2012: 1.88% to 4.33%) per annum.

	Total minimum lease payments 2013 $'000	Present value of payments 2013 $'000	Total minimum lease payments 2012 $'000	Present value of payments 2012 $'000
Company				
Within one year	**5**	**4**	56	53
After one year but not more than five years	**–**	**–**	4	4
Total minimum lease payments	**5**	**4**	60	57
Less: Amounts representing finance charges	**(1)**	**–**	(3)	–
Present value of minimum lease payments	**4**	**4**	57	57

The Company has finance lease for a motor vehicle. 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% (2012: 1.88%) per annum.

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32. 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	
	2013	2012
	$'000	$'000
Commitment in relation to investment in jointly controlled entity	**5,500**	4,800

33. 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 $153,000 (2012: $244,000). The balance outstanding at the end of the reporting period was $Nil (2012: $Nil).

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Income				
Interest income				
– subsidiaries	**–**	–	**4,709**	3,981
– associated companies	**2,417**	2,057	**–**	–
Management fees income				
– a joint venture company	**–**	–	**2,000**	2,000
– subsidiaries	**–**	–	**662**	675
– associated companies	**592**	384	**–**	–
– related party	**42**	41	**–**	–
Rental income from a subsidiary	**–**	–	**1,380**	1,536
Expenses				
Management fee paid to a subsidiary	**–**	–	**504**	444
Interest paid to subsidiaries	**–**	–	**2,862**	2,403
Rental paid to related party	**116**	116	**–**	–

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33. RELATED PARTY TRANSACTIONS (Continued)

(b) Compensation of key management personnel

	Group	
	2013	**2012**
	$'000	**$'000**
Short-term employee benefits	**1,584**	1,633
Central Provident Fund contributions	**47**	54
Other short-term benefits	**78**	48
	1,709	1,735
Comprise amounts paid to:		
– Directors of the Company	**1,204**	1,214
– Other key management personnel	**505**	521
	1,709	1,735

34. 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.

35. CONTINGENCIES

The Company has provided corporate guarantees to banks and financial institutions of $546,937,000 (2012: $570,483,000) for credit facilities (Notes 27 and 28) taken by its subsidiaries, joint venture companies, associated companies and investee companies.

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36. CLASSIFICATION OF 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	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Loans and receivables					
Trade receivables	20	**3,809**	2,027	**1**	1
Other receivables	21	**285**	419	**23**	3
Deposits	21	**5,764**	261	**714**	–
Amounts due from investee companies (non-trade)	16	**2,832**	2,373	**–**	–
Amounts due from associated companies	14	**74,681**	75,006	**–**	–
Amounts due from subsidiaries (non-trade)	22	**–**	–	**128,567**	106,531
Amounts due from related parties (trade)	22	**13**	198	**–**	–
Fixed deposits	23	**50,587**	7,713	**47,000**	–
Cash and bank balances	24	**11,126**	1,931	**3,550**	68
		149,097	89,928	**179,855**	106,603
Available-for-sale financial assets					
Other investments	16	**218**	218	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

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36. CLASSIFICATION OF FINANCIAL INSTRUMENTS (Continued)

Classification (Continued)

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Financial liabilities measured at amortised cost					
Trade and other payables (current)					
Trade payables	25	**10,239**	9,259	**529**	92
Other payables and accruals	26	**6,525**	5,084	**1,683**	806
Amounts due to subsidiaries	22	**–**	–	**699**	215
		16,764	14,343	**2,911**	1,113
Other payables (non-current)					
Other payables and accruals	26	**1,360**	1,466	**–**	–
Total trade and other payables		**18,124**	15,809	**2,911**	1,113
Loans and borrowings (current)					
Amounts due to subsidiaries	22	**–**	–	**14,259**	22,036
Amounts due to related parties (non-trade)	22	**–**	1,550	**–**	1,550
Short-term bank loans	27	**13,000**	46,705	**1,000**	32,000
Bank term loans	28	**121,260**	37,385	**–**	1,160
Bank overdrafts	27	**–**	10,832	**–**	493
Lease obligations	32	**45**	94	**4**	53
		134,305	96,566	**15,263**	57,292
Loans and borrowings (non-current)					
Bank term loans	28	**235,692**	288,551	**60,995**	24,777
Bonds	29	**75,000**	–	**75,000**	–
Lease obligations	32	**21**	66	**–**	4
Total loans and borrowings		**445,018**	385,183	**151,258**	82,073
Total finance liabilities measured at amortised cost		**463,142**	400,992	**154,169**	83,186

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37. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

– Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

– Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

– Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable 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 repriced to market interest rates on or near the end of the reporting period.

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37. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximations 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 approximations of fair value are as follows:

		2013 $'000		2012 $'000	
	Note	Carrying amount	Fair value	Carrying amount	Fair Value
Group					
Financial assets:					
Equity instruments, at cost	16	**218**	*****	218	*
Financial liabilities:					
Obligations under finance leases	32	**66**	**73**	160	174
Company					
Financial liabilities:					
Obligations under finance leases	32	**4**	**5**	57	60

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

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.

Fair value information has not been disclosed for the Group's investments in equity securities that are carried at cost because fair value cannot be measured reliably. These equity securities represent ordinary shares in investee companies (Note 16) that are not quoted on any market and do not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of this investment in the foreseeable future.

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(In Singapore dollars)

37. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

(d) Level 3 fair value measurements

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair Value at 31 December 2013 $'000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements				
Investment properties:				
Retail and commercial	265,102	Market comparable approach	Yield adjustments based on management's assumptions*	10% to 20%

* The yield adjustments are made for any difference in the nature, location or condition of the specific property.

For commercial investment properties, a significant increase (decrease) in yield adjustments based on management's assumptions would result in a significantly higher (lower) fair value measurement.

The following table shows the impact on the Level 3 fair value measurement of assets and liabilities that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

		Effect of reasonably possible alternative assumptions	
	Carrying amount $'000	Profit or loss $'000	Other comprehensive income $'000
31 December 2013			
Recurring fair value measurements			
Investment properties:			
Retail and commercial	**265,102**	**7,953**	**–**

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(In Singapore dollars)

37. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

(d) Level 3 fair value measurements (Continued)

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements (Continued)*

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the following key unobservable inputs used in the fair value measurement:

– For commercial investment properties, the Group adjusted the yield adjustments based on management's assumptions by increasing and decreasing the adjustments by 3% depending on nature, location or condition of the specific property.

(ii) *Movements in Level 3 assets and liabilities measured at fair value*

During the year, the Group has recognised gains from fair value adjustments of investment properties which amounted to $5,300,000 (Note 12). The disclosure of the movement in the investment properties balance in Note 12 constitutes a reconciliation of the movement of assets which are measured at fair value based on significant unobservable inputs.

(iii) *Valuation policies and procedures*

The senior management of the Group (the "Management") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the Management reports to the Group's Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. The Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

For valuations performed by external valuation experts, the Management reviews the appropriateness of the valuation methodologies and assumptions adopted. The Management also evaluates the appropriateness and reliability of the inputs used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by the Management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

38. 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 and 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.

(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 $546,937,000 (2012: $570,483,000) relating to corporate guarantees provided by the Company to banks/financial institutions on subsidiaries'/joint ventures'/associated companies' credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Credit risk (Continued)

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 ongoing basis.

At the end of the reporting period, 100% (2012: 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.

(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% (2012: 30%) of loans and borrowings (including bond and overdrafts) should mature in the next one-year period, and to maintain sufficient liquid financial assets and standby credit facilities with three different banks. At the end of the reporting period, approximately 30% (2012: 25%) of the Group's loans and borrowings (Note 36) will mature in less than one year based on the carrying amount reflected in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity risk (Continued)

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					
2013					
Financial assets:					
Trade receivables	20	3,809	–	–	3,809
Other receivables	21	285	–	–	285
Deposits	21	5,764	–	–	5,764
Amounts due from associates	14	–	86,766	–	86,766
Amounts due from related parties (trade)	22	13	–	–	13
Fixed deposits	23	51,028	–	–	51,028
Cash and bank balances	24	11,126	–	–	11,126
Other investments	16	–	3,721	–	3,721
Total undiscounted financial assets		72,025	90,487	–	162,512
Financial liabilities:					
Trade and other payables		16,764	1,360	–	18,124
Loans and borrowings		141,956	324,212	–	466,168
Total undiscounted financial liabilities		158,720	325,572	–	484,292
Total net undiscounted financial liabilities		(86,695)	(235,085)	–	(321,780)

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38. 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					
2012					
Financial assets:					
Trade receivables	20	2,027	–	–	2,027
Other receivables	21	419	–	–	419
Deposits	21	261	–	–	261
Amounts due from associates	14	–	85,291	–	85,291
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	88,470	–	101,035
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)	(190,964)	(27,368)	(323,910)

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

38. 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					
2013					
Financial assets:					
Trade receivables	20	**1**	–	–	**1**
Other receivables	21	**23**	–	–	**23**
Deposits	21	**714**			**714**
Amounts due from subsidiaries (non-trade)	22	**131,303**	–	–	**131,303**
Fixed deposits	23	**47,432**	–	–	**47,432**
Cash and bank balances	24	**3,550**	–	–	**3,550**
Total undiscounted financial assets		**183,023**	–	–	**183,023**
Financial liabilities:					
Trade and other payables		**2,581**	–	–	**2,581**
Loans and borrowings		**17,522**	**146,591**	–	**164,113**
Total undiscounted financial liabilities		**20,103**	**146,591**	–	**166,694**
Total net undiscounted financial assets/(liabilities)		**162,920**	**(146,591)**	–	**16,329**
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

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

38. 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.

	Group and Company 1 year or less	
	2013	2012
	$'000	$'000
Financial guarantees	**546,937**	570,483

(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.

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 (2012: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $1,565,000 (2012: $1,614,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

38. 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				
2013				
Floating rate				
Short-term bank loans	27	**13,000**	**–**	**12,000**
Bank term loans	28	**121,260**	**235,692**	**357,952**
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
Company				
2013				
Floating rate				
Short-term bank loans	27	**1,000**	**–**	**1,000**
Bank term loans	28	**–**	**60,995**	**60,995**
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

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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(In Singapore dollars)

38. 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(b). 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:

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Pound Sterling ("GBP")	**1,284**	255	**–**	–
United States dollar ("USD")	**8**	13	**7**	11

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:

		2013		2012	
		Profit net of tax	Equity	Profit net of tax	Equity
		$'000	$'000	$'000	$'000
THB	– strengthened 3% (2012: 3%)	**9**	**547**	8	378
	– weakened 3% (2012: 3%)	**(9)**	**(547)**	(8)	(378)
RMB	– strengthened 3% (2012: 3%)	**–**	**–**	(1)	30
	– weakened 3% (2012: 3%)	**–**	**–**	1	(30)
GBP	– strengthened 3% (2012: 3%)	**6**	**557**	(5)	433
	– weakened 3% (2012: 3%)	**(6)**	**(557)**	5	(433)

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

39. 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 2013 and 31 December 2012.

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	2013	2012
		$'000	$'000
Trade and other payables	36	**18,124**	15,809
Loans and borrowings	36	**445,018**	385,183
Less: Cash and bank balances and fixed deposits		**(61,713)**	(9,644)
Net debt		**401,429**	391,348
Equity attributable to owners of the Company		**303,133**	286,466
Capital and net debt		**704,562**	677,814
Gearing ratio		**57%**	58%

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

40. 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)

40. SEGMENT INFORMATION (Continued)

	Property investment $'000	Property development $'000	Corporate $'000	Others $'000	Elimination $'000	Note	Consolidated $'000
31 December 2013							
Revenue:							
Sales to external customers	20,654	39,649	–	58	–		60,361
Inter-segment revenue	1,380	–	5,288	–	(6,668)	A	–
	22,034	39,649	5,288	58	(6,668)		60,361
Results:							
Interest income	62	63	13,241	–	(10,323)	A	3,043
Interest expense	(4,219)	(1,739)	(9,972)	–	10,678	A	(5,252)
Dividend income	–	–	–	593	–		593
Gains from fair value adjustments of investment properties	5,300	–	–	–	–		5,300
Depreciation of fixed assets	(43)	(19)	(180)	–	–		(242)
Share of results of associates	3,031	4,082	–	(3)	–		7,110
Segment profit/(loss) before tax	18,839	1,541	316	–	(560)	B	20,136
Assets:							
Investment in associates	17,292	4,434	–	633	–		22,359
Additions to non-current assets[1]	5,300	–	198	–	–		5,498
Segment assets	320,474	446,994	340,098	–	(339,118)	C	768,448
Segment liabilities	180,833	459,749	138,652	–	(313,915)	D	465,319

1 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 2013

(In Singapore dollars)

40. 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 results 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 consist 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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(In Singapore dollars)

40. 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:

	2013 $'000	2012 $'000
(Loss)/profit from inter-segment sales	**(915)**	2,327
Dividend income	**–**	(4,300)
Finance cost	**10,678**	9,455
Finance income	**(10,323)**	(9,512)
Gain from negative goodwill	**–**	564
	(560)	(1,466)

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

	2013 $'000	2012 $'000
Investment in subsidiaries	**(32,220)**	(32,220)
Investment in associates	**3,683**	(1,471)
Investment in joint venture	**(5,750)**	(5,750)
Intangible assets	**109**	109
Development properties	**(621)**	(1,003)
Inter-company loans	**(304,319)**	(275,794)
	(339,118)	(316,129)

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

	2013 $'000	2012 $'000
Inter-company loans	**(313,915)**	(283,131)

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(In Singapore dollars)

41. DIVIDEND

	Group and Company	
	2013	**2012**
	$'000	**$'000**
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final exempt (one-tier) dividend for 2012: 1.30 cents (2011: 1.10 cents) per share	**2,910**	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 2013: 1.30 cents (2012: 1.30 cents) per share	**3,492**	2,910

42. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) Executive condominium at Westwood Avenue

On 14 January 2014, Heeton Homes Pte. Ltd., ("Heeton Homes") the Company's wholly-owned subsidiary, together with Changi Properties Pte. Ltd. ("Changi") has been awarded the mandate to develop an executive condominium site at Westwood Avenue in Jurong West, Singapore (the "Property").

On 17 February 2014, Heeton Homes together with Changi incorporated a new joint venture company, KBD Westwood Pte. Ltd. ("KBDW") where Heeton Homes and Changi owned the share capital of KBDW in the proportion of 20% and 80% respectively. It is intended that KBDW will be the beneficial owner of the Property upon the completion of the purchase in April 2014.

(b) Joint venture in Great Development Pte. Ltd.

On 21 January 2014, Heeton Homes, Kim Seng Heng Realty Pte. Ltd., Lian Beng Group Ltd and Oxley Sparkle Pte. Ltd. incorporated a joint venture company, Great Development Pte. Ltd. with initial issued and paid up capital of S$100 divided into 100 ordinary shares and held equally by the 4 shareholders. Great Development Pte. Ltd. will be principally engaged in the business of property development.

(c) Joint venture in Imperial South East Asia Investment Pte. Ltd.

On 16 January 2014, Heeton Invesco Pte. Ltd. ("Heeton Invesco"), the Company's wholly-owned subsidiary, together with KSH Asia Investment Pte. Ltd., ("KSH Asia") and Wealth Land Pte. Ltd. ("Wealth"), incorporated a new joint venture company, Imperial South East Asia Investment Pte. Ltd. ("IMPERIAL"). The principal activity of IMPERIAL is real estate development and investment holding. IMPERIAL has an initial issued and paid-up capital of S$3, comprising three ordinary shares held equally by Heeton Invesco, KSH Asia and Wealth Land.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(In Singapore dollars)

42. EVENTS OCCURRING AFTER THE REPORTING PERIOD (Continued)

(c) Joint venture in Imperial South East Asia Investment Pte. Ltd. (Continued)

On 25 February 2014, IMPERIAL increased its issued and paid-up capital from S$3 to S$10,000 by issuing 9,997 ordinary shares of S$1 each ("New Issued Shares"). Heeton Invesco, KSH Asia and Wealth have subscribed for 3,264 ordinary shares, 3,469 ordinary shares and 3,264 ordinary shares respectively for the New Issued Shares, satisfied by an aggregate cash of S$9,997. Following which Heeton Invesco, KSH Asia and Wealth now hold 32.65%, 34.70% and 32.65% of the entire issued and paid-up share capital of IMPERIAL respectively.

On 26 March 2014, IMPERIAL entered into a joint venture agreement with a Cambodia national, Lok Oknha Sear Rithy ("Sear Rithy"), to establish a company in the Kingdom of Cambodia ("Cambodia"), under the name of New Global Imperial Investment Co., Ltd ("New Global") and on incorporation will be 49% held by IMPERIAL and 51% held by Sear Rithy. The principal activity of New Global will be real estate development and investment holding in Cambodia.

Sear Rithy had, for the purposes of the joint venture investment, entered into a sale and purchase agreement with Norng Savuth on 27 January 2014 (the "SPA") to acquire a plot of land located at Phnom Penh, Cambodia at the purchase price US$64,000,000. The SPA was signed by Sear Rithy, functioning as the pre-incorporation representative of New Global. The purchase is expected to be completed on 27 June 2014.

(d) Enterprise Hotel in London, United Kingdom

On 23 January 2014, Heeton Capital Pte. Ltd. ("Heeton Capital"), a wholly-owned subsidiary of the Company has entered into a formal agreement to participate in a joint venture with RMTL Investment Pte. Ltd. ("RMTL"). Heeton Capital and RMTL own 80% and 20% of the entire issued and paid-up share capital of Venture (UK) Pte. Ltd. ("Venture (UK)") respectively, following the transfer of 2 ordinary shares from the Company to Heeton Capital and allotment of 7,998 and 2,000 new ordinary shares of S$1.00 each by Venture (UK) to Heeton Capital and RMTL respectively. Venture (UK) owns the entire issued and paid-up share capital of Chatteris Developments Limited ("Chatteris"), a company incorporated in the British Virgin Island, following the transfer of 2 ordinary shares of US$1.00 each from Heeton Capital to Venture (UK).

On 31 January 2014, Chatteris completed the purchase of the entire share capital of Woodley Hotels (Kensington) Limited. Woodley Hotels (Kensington) Limited is the legal and beneficial owner of Enterprise Hotel in London, United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

(In Singapore dollars)

42. EVENTS OCCURRING AFTER THE REPORTING PERIOD (Continued)

(e) Joint venture in Beijing Jin Hua Tong Da Real Estate Development Co., Ltd.

The Company's 15%-owned investee company, KAP Holdings (China) Pte. Ltd. ("KAP"), has entered into a joint venture with Beijing Jin Hua Tong Da Real Estate Development Co., Ltd. ("BJJHTD") and incorporated a joint venture company, named Sino-Singapore KAP Construction Co., Ltd. ("SSKAP"), in the People's Republic of China ("PRC"). It is intended for SSKAP to undertake property development in the PRC.

SSKAP has a registered share capital of RMB360,000,000 (approximately S$74,150,000) which is injected by KAP and BJJHTD in equal shares. KAP and BJJHTD each holds 50% equity interest in SSKAP. The Group's investment in SSKAP is RMB27,000,000 (approximately SGD5,561,250).

43. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 27 March 2014.

综合全面收益表

截至2013年12月31日之财政年度

（以新元表示）

	注释	2013 $'000	2012 $'000
营业额	4	**60,361**	52,517
出售房地产成本		**(39,340)**	(27,414)
其他营业收入	5	**2,660**	1,209
人员费用	6	**(3,533)**	(3,265)
固定资产折旧及摊销		**(242)**	(246)
其他营业费用		**(9,971)**	(8,207)
经营业务利润	7	**9,935**	14,594
财务费用	8(a)	**(5,252)**	(4,670)
财务收入	8(b)	**3,043**	2,258
应占联营公司收益	14	**7,110**	333
投资产业公允价值收益	12	**5,300**	42,242
负商誉收益	14	**–**	564
税前利润		**20,136**	55,321
税项	9	**(1,787)**	(2,623)
本年税后利润		**18,349**	52,698
其他综合收入：			
外币折算		**1,227**	(1,136)
其他综合收入，税后		**1,227**	(1,136)
年度综合收入总额		**19,576**	51,562
年度利润			
归属于：			
公司权益持有人		**18,350**	52,699
非控制性权益		**(1)**	(1)
		18,349	52,698
年度综合收入总额			
归属于：			
公司权益持有人		**19,577**	51,563
非控制性权益		**(1)**	(1)
		19,576	51,562
持续经营业务每股收益（分）			
归属于公司权益持有人			
基本	10	**7.69**	23.54
摊薄	10	**7.69**	23.54

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2013年12月31日之财政年度

（以新元表示）

	注释	本集团 31.12.2013 $'000	本集团 31.12.2012 $'000	本公司 31.12.2013 $'000	本公司 31.12.2012 $'000
非流动资产					
固定资产	11	**457**	501	**206**	283
投资产业	12	**265,102**	334,600	**–**	76,000
子公司	13	**–**	–	**31,670**	31,670
联营公司	14	**97,040**	91,760	**–**	–
合营公司	15	**–**	–	**5,000**	5,000
其他投资	16	**3,050**	2,591	**–**	–
无形资产	17	**109**	109	**–**	–
递延税项资产	18	**62**	63	**8**	8
		365,820	429,624	**36,884**	112,961
流动资产					
发展产业	19	**329,794**	249,188	**69,055**	–
应收账款	20	**3,809**	2,027	**1**	1
其他应收账款	21	**6,049**	680	**737**	3
预付款项		**1,250**	179	**307**	20
子公司应付欠款（非贸易）	22	**–**	–	**128,567**	106,531
关联方应付欠款（贸易）	22	**13**	198	**–**	–
定期存款	23	**50,587**	7,713	**47,000**	–
现金及银行结存	24	**11,126**	1,931	**3,550**	68
		402,628	261,916	**249,217**	106,623
流动负债					
应付账款	25	**10,239**	9,259	**529**	92
其他应付款项及应计项目	26	**6,796**	5,382	**1,683**	809
应付子公司款项（非贸易）	22	**–**	–	**14,958**	22,251
应付关联方款项（非贸易）	22	**–**	1,550	**–**	1,550
租赁负债	32	**45**	94	**4**	53
短期银行贷款	27	**13,000**	46,705	**1,000**	32,000
定期银行贷款	28	**121,260**	37,385	**–**	1,160
银行透支	27	**–**	10,832	**–**	493
应交税费		**1,906**	3,787	**85**	302
		153,246	114,994	**18,259**	58,710
净流动资产		**249,382**	146,922	**230,958**	47,913

资产负债表

截至2013年12月31日之财政年度

（以新元表示）

		本集团		本公司	
	注释	31.12.2013 $'000	31.12.2012 $'000	31.12.2013 $'000	31.12.2012 $'000
非流动负债					
其他应付款项及应计项目	26	**1,360**	1,466	**–**	–
租赁负债	32	**21**	66	**–**	4
债券	29	**75,000**	–	**75,000**	–
定期银行贷款	28	**235,692**	288,551	**60,995**	24,777
		(312,073)	(290,083)	**(135,995)**	(24,781)
净资产		**303,129**	286,463	**131,847**	136,093
归属于本公司股权持有人的权益					
股本	30	**58,803**	58,803	**58,803**	58,803
股东出资	34	**8,596**	8,596	**–**	–
其他储备金	31	**(247)**	(1,474)	**–**	–
累计利润		**235,981**	220,541	**73,044**	77,290
		303,133	286,466	**131,847**	136,093
非控制性权益		**(4)**	(3)	**–**	–
总权益		**303,129**	286,463	**131,847**	136,093

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

SHARE CAPITAL

Number of Issued shares	:	268,615,194
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 14 March 2014, approximately 29.85% 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 14 MARCH 2014

(According to Register of Substantial Shareholders)

	Name of Substantial Shareholder	Direct Interest	%	Deemed Interest	%
1.	Heeton Investments Pte Ltd	67,390,920	25.09	–	–
2.	Hong Heng Company Private Limited	40,992,300	15.26	–	–
3.	Toh Khai Cheng(1)	16,703,220	6.22	110,044,110	40.97
4.	Toh Giap Eng(2)	25,858,030	9.63	67,390,920	25.09
5.	Toh Gap Seng(3)	14,723,370	5.48	360,000	0.134
6.	HSBC (Singapore) Nominees Pte Ltd	18,000,000	6.70	–	–
7.	Tan Fuh Gih(4)	–	–	18,000,000	6.70
8.	Tan Hoo Lang(4)	–	–	18,000,000	6.70
9.	Tan Kim Seng(4)	–	–	18,000,000	6.70

Notes:

(1) Toh Khai Cheng is deemed to be interested in the 67,390,920 ordinary shares ("Shares") held by Heeton Investments Pte Ltd and the 40,992,300 Shares held by Hong Heng Company Private Limited. Toh Khai Cheng is also deemed to be interested in 1,660,890 Shares held by his deceased spouse.

(2) Toh Giap Eng is deemed to be interested in the 67,390,920 Shares held by Heeton Investments Pte Ltd.

(3) Toh Gap Seng is deemed to be interested in the 360,000 Shares held by his spouse.

(4) Tan Fuh Gih, Tan Hoo Lang and Tan Kim Seng are deemed to be interested in the 18,000,000 Shares held by Kim Seng Holdings Pte Ltd through HSBC (Singapore) Nominees Pte Ltd.

STATISTICS OF SHAREHOLDERS

ANALYSIS OF SHAREHOLDINGS AS AT 14 MARCH 2014

Range of Shareholdings	Number of Shareholders	Percentage	No of Shares	Percentage
1 – 999	11	1.34	2,585	0.00
1,000 – 10,000	241	29.32	1,237,487	0.46
10,001 – 1,000,000	549	66.79	38,937,508	14.50
1,000,001 and above	21	2.55	228,437,614	85.04
TOTAL	822	100.00	268,615,194	100.00

MAJOR SHAREHOLDERS AS AT 14 MARCH 2014

No	Name of Shareholder	Number of Shares Held	Percentage
1	Heeton Investments Pte Ltd	67,390,920	25.09
2	Hong Heng Co Pte Ltd	40,992,300	15.26
3	Toh Giap Eng	25,858,030	9.62
4	HSBC (Singapore) Nominees Pte Ltd	18,640,000	6.94
5	Toh Khai Cheng	16,703,220	6.22
6	Toh Gap Seng	14,723,370	5.48
7	Maybank Kim Eng Securities Pte Ltd	7,432,852	2.77
8	UOB Kay Hian Pte Ltd	5,936,600	2.21
9	Hong Leong Finance Nominees Pte Ltd	5,557,200	2.07
10	Pang Heng Kwee	5,049,000	1.88
11	Phillip Securities Pte Ltd	4,172,200	1.55
12	SBS Nominees Pte Ltd	3,132,000	1.16
13	DBS Nominees Pte Ltd	2,062,409	0.77
14	Ng Wee Chu	1,983,810	0.74
15	Tan Mui Choo	1,660,890	0.62
16	United Overseas Bank Nominees Pte Ltd	1,396,800	0.52
17	DBS Vickers Securities (S) Pte Ltd	1,287,600	0.48
18	Tan Swee Lang	1,253,790	0.47
19	OCBC Securities Private Limited	1,122,233	0.42
20	Tan Hee Nam	1,042,800	0.39
		227,398,024	84.66

STATISTICS OF SHAREHOLDERS

ANALYSIS OF WARRANTHOLDINGS AS AT 17 MARCH 2014

Range of Warrantholdings	Number of Warrantholders	Percentage	No of Warrants	Percentage
1 – 999	84	11.80	36,908	0.08
1,000 – 10,000	499	70.08	1,718,199	3.84
10,001 – 1,000,000	122	17.14	11,222,264	25.09
1,000,001 and above	7	0.98	31,748,623	70.99
TOTAL	712	100.00	44,725,994	100.00

MAJOR WARRANTHOLDERS AS AT 17 MARCH 2014

No	Name of Warrantholder	Number of Warrants Held	Percentage
1	Heeton Investments Pte Ltd	11,231,820	25.11
2	Hong Heng Co Pte Ltd	6,832,050	15.28
3	Toh Giap Eng	4,283,005	9.58
4	HSBC (Singapore) Nominees Pte Ltd	3,090,000	6.91
5	Toh Khai Cheng	2,783,870	6.22
6	Toh Gap Seng	2,453,895	5.49
7	Maybank Kim Eng Securities Pte Ltd	1,073,983	2.40
8	Cheng Wa Sing	942,000	2.11
9	UOB Kay Hian Pte Ltd	895,000	2.00
10	Sim Seow Hua	835,000	1.87
11	OCBC Securities Private Limited	551,005	1.23
12	Pang Heng Kwee	550,000	1.23
13	Khoo Swee Kwang	480,000	1.07
14	Sim Keng Choo @ Ng Nyet Chin	380,000	0.85
15	Phillip Securities Pte Ltd	377,465	0.84
16	Ng Wee Chu	330,635	0.74
17	DBS Nominees Pte Ltd	322,268	0.72
18	Tan Mui Choo	276,815	0.62
19	Tan Swee Lang	208,965	0.47
20	Eng Koon Hock	180,000	0.40
		38,077,776	85.14

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, 24 April 2014 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 2013 and the Directors' Reports and the Auditors' 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 2013. **Resolution 2**

3. To approve Directors' fees of S$207,000 for the financial year ended 31 December 2013. (2012: S$210,000) **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 Chew Chin Hua retiring by rotation pursuant to Article 95(2) of the Company's Articles of Association. *(See Explanatory Note)* **Resolution 5**

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

7. To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. **Resolution 7**

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:

8. 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 8**

(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 paragraph (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)

9. To transact any other business.

BY ORDER OF THE BOARD

LEE HO WAH / CHEW BEE LENG
Company Secretaries

Singapore
9 April 2014

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 Chew Chin Hua, Chairman of the Audit Committee and a member of the Nominating 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 8

The Ordinary Resolution no. 8, 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.

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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 2013 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, 24 April 2014 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 2013 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 2013.		
3	To approve Directors' fees of S$207,000 for financial year ended 31 December 2013.		
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 Chew Chin Hua retiring by rotation pursuant to Article 95(2) of the Company's Articles of Association.		
6	To re-elect Mr Low Yee Khim retiring by rotation pursuant to Article 95(2) of the Company's Articles of Association.		
7	To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration.		
	Special Business		
8	To authorise the Directors to allot and issue new shares.		

Dated this ______________ day of ________________ 2014

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.

Designed and produced by
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