

EXQUISITE

ANNUAL REPORT 2014

Living

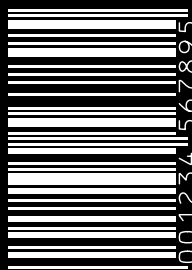
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Heeton Holdings Limited



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ISSUE 2014



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CORPORATE PROFILE



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, Thailand and Australia.

As a boutique developer, Heeton focus on developing distinctive and high quality residential properties in choice locations. To date, 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, Sun Plaza and the latest being Adam House in London.

In recent years, the Group has also expanded into the hospitality segment. Currently, in its portfolio, the Group has the Hotel ibis Styles London Kensington, Mercure Hotel Pattaya and Hotel Baraquda Pattaya, MGallery Collection in Pattaya, Thailand.

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 STATEMENT



TOH KHAI CHENG

Non-Executive Chairman

DEAR SHAREHOLDERS,

In FY2014, Heeton had delivered a mixed set of results. While the challenging local property market continues to have an impact on the financial performance of the Group, Heeton made positive progress in both its development projects and investment properties.

Financially, the Group's revenue had increased significantly due to Onze@ Tanjong Pagar, a mixed development project in Singapore and the Earlington, a residential project in London.

For the full year ended 31 December 2014, Heeton reported revenue of S\$36.32 million, a 141.1% increase from S\$15.07 million in the preceding year. Net profit after tax declined by 52.2% to S\$8.77 million, mainly due to a provision made for foreseeable losses on development property and increased finance costs.

The Singapore property market continues to be affected by the

numerous cooling measures implemented by the Singapore Government with the most effective being the Total Debt Servicing Ratio (TDSR) introduced in June 2013. This had resulted in lower number of private residential units launched and sold in FY2014 compared to a year ago. Additionally, sales prices have also been affected, and have been declining for five consecutive quarters.

BUSINESS REVIEW

During FY2014, Heeton had acquired a few development projects, which include a joint venture with Koh Brothers Group Limited to co-develop an executive condominium site in Westwood Avenue, Jurong West. The Group had also entered into joint venture with KSH Holdings Limited and Chip Eng Seng Corporation Ltd for a residential condominium development at Fernvale Road. Despite the challenges in the local property market, there are still pockets of opportunities which the Group will assess.

In addition, the Group is also looking to expand beyond Singapore. During the year, the Group had acquired a site with its partners at Fortitude Valley, Brisbane, Australia for a mixed development project with residential and hospitality components. The proposed development will form part of the revamped skyline of Fortitude Valley and further enhance the booming Valley precinct. This development will act as a catalyst to stimulate the renewal of the area, increasing residential density and providing a varied range of associated uses on the site.

The Group continues to grow its portfolio of investment properties by adding several assets, which includes Hotel ibis Styles London Kensington (previously known as Enterprise Hotel), Adam House, a serviced office building in London and a hospitality development in Brisbane, Australia. These new assets are in line with the Group's directions to boost its recurring income amidst Singapore's challenging property development market conditions.



Artist's Impression

The two hotel acquisitions are part of the management's strategy to grow its hospitality business in the next few years.

In support of its growth strategy, the Group had issued another tranche of fixed rate notes during 2Q2014 in order to raise more capital. A total of \$S60 million was raised and this will put Heeton in a good position to capitalise on any opportunities to grow both its development and investment properties.

OUTLOOK

Looking at 2015, Heeton expects the property market in Singapore to remain soft in the short term but will remain vigilant on any positive changes within the industry that may allow the Group to launch and re-launch its development projects. Management is of the opinion that the current slowdown is temporary and remains confident of the long term prospects in the Singapore market.

Heeton will continue to expand its foothold in the property market abroad, leveraging on the Group's good track records and experience in overseas market. Strategically, the Group will be focusing on hospitality as well as other asset classes for its overseas investment portfolio.

The Group will continue to exercise prudence in every opportunity to ensure that the potential benefits outweighs the risks.

ACKNOWLEDGEMENT

Lastly, we would like to express our sincere appreciation to our Board members for their invaluable advices and guidance over the past year.

We would also like to take this opportunity to show our recognition for the hard work that our key management team and valued employees have put in and their readiness to go the extra mile for the Group.

Last but not least, we would like to thank our business associates, joint venture partners, shareholders and everyone who have contributed to our success for their continuous support and trust placed in Heeton. We will continue to work hard and take the Group to greater heights.

TOH KHAI CHENG

Non-Executive Chairman

主席致辞

各位股东：

喜敦的业务在2014财政年里好坏不一。虽然新加坡的房地产行业充满挑战，并对集团的业绩造成影响，但是喜敦在发展项目与投资房地产业务中取得了重要的进展。

在财务表现方面，集团的收入有凸显的增加。这主要来自于新加坡的综合发展项目，Onze@ Tanjong Pagar以及坐落在伦敦的住宅项目，Earlington。

截至2014年12月31日，喜敦的收入从2013财政年的1507万新元增加141.1%到2014财政年的3632万新元。同时，税后净利下降了52.2%到877万新元，主要因为金融开销的上涨以及一笔为可预见的损失所提供的储备。

新加坡的房地产行业仍然因为政府所推行的降温措施而受到冲击，其中影响最大是在2013年6月推出的总债务偿还比率（“Total Debt Servicing Ratio”）。这导致在2014财政年里所推出的私人住宅单位以及售卖成交量比起往年有所减少。成交售价也受到影响，在过去五个季度里不断下滑。

业务回顾

喜敦在过去的2014财政年里成功的收购几个发展项目。其中包括与许兄弟集团在Westwood Avenue，裕廊西发展一个执行公寓项目。集团也与集永成机构和有限公司和金成兴控股有限公司一同合作开发位于Fernvale Road 的住宅公寓项目。本地房地产业虽有种种挑战，集团仍然相信市场含有许多商机，并且会积极探索与评估。

处此之外，集团也在探索如何将业务扩展到海外。在过去的一年，喜敦与商业伙伴一起收购一

片在澳洲，布里斯班的用地，并且会把它发展成一项拥有住宅与旅店的综合项目。一旦完成，该项目将成为该区的地标，为当地的景色锦上添花。此建设将会是Fortitude Valley复新的催化剂，同时提高当地居住的密度以及为周边区域提供更多元化的用途。

集团也会继续扩展房地产投资组合。在过去的一年里，喜敦投资了一些资产，其中包括在伦敦的Hotel ibis Styles London Kensington（之前称为Enterprise Hotel），服务办公楼，Adam House，以及坐落于澳洲，布里斯班的旅店建设。这些资产符合本集团为了应对新加坡房地产业艰难的市场而增加稳定收入业务的政策。以上的两个旅店收购也是响应本集团在未来几年内发展旅店业的另一个策略。

集团也在2014年第二季度推出了额外的6000万新元的债务融资以辅助本集团的增长政策。这将会让喜敦处在一个良好的战略位置上给予集团所需的能力去追求任何有潜力的商机。集团也会不断壮大旗下的发展与投资项目。

展望

对于接下来的一年，喜敦对本地房地产短期趋势保持微弱的看法。喜敦会持续以警惕的态度来关注市场的动静，一旦时机有佳，将会推出新的发展项目以及重新推出现有项目。管理层认为目前疲弱的情况是短暂性，并且深信新加坡的房地产行业由始至终都具有极大长期潜能。

喜敦也会以它多年累积的良好的业绩记录以及丰富的经验为平台来继续扩展海外的房地产业务。在这一块的海外业务里，集团也会策略性的把焦点放在旅店业以及其他类型的资产。

集团会谨慎的评估每一个商机，以便确保每个项目的利益潜力胜于风险。

答谢

我们想在这里向董事们真诚的答谢，感谢他们过去一年无数宝贵的指点，忠告以及劝导。

另外，我们也想借此机会表达我们对主要管理团队还有敬爱的员工的万分谢意。他们在岗位上的努力以及不遗余力的付出制造了我们今天的成就。

最终，我们也想感谢我们的商业伙伴，股东们以及每位对集团的成就有所贡献的人。谢谢你们一直对喜敦的支持与信任。我们会继续努力将集团带到新的高峰。

卓开清 主席



Hotel Baraquda Pattaya,
MGallery Collection

CEO'S MESSAGE



MR. TOH GIAP ENG
CEO

DEAR SHAREHOLDERS,

The Singapore property market has not been very smooth sailing in the past few years, and with the immense pressure from the various cooling measures implemented by the Singapore Government have somewhat impacted the Group's financial performances. Since 2009, there had been a total of nine rounds of cooling measures implemented that were aimed at stabilising the rising property prices. Among them, the most impactful measure was the Total Debt Servicing Ratio (TDSR) that was introduced in June 2013.

Subsequently, sales of high-end property projects have been affected greatly with Heaton being no exception. Nonetheless, Heaton has stepped up its efforts to counter the local market slowdown by taking part in mass market development projects in Singapore as well as investing actively in overseas assets in the past year.

The Group remains confident in its long term business prospects and is pleased to share that it had achieved profitability in FY2014 amidst the above-mentioned challenges. Further to the interim dividend of 0.5 Singapore cents per share paid in September 2014, the Board of Directors is proposing a final dividend of 0.60 Singapore cents per share to thank the shareholders for their unwavering support over the past years.

FINANCIAL HIGHLIGHTS

Heaton's revenue grew 141.1% from S\$15.07 million in FY2013 to S\$36.32 million in FY2014, mainly due to higher revenue contribution from Onze@Tanjong Pagar, a mixed development project in Singapore and the Earlington, a residential project in London.

Cost of properties increased by 521.3% to S\$19.84 million in FY2014 as a result of higher sales recognised from development projects. Personnel expenses increased 28.1% to S\$4.35 million due to increase in headcount following the commencement of the Group's business in London.

Other operating expenses grew to S\$9.11 million, a 42.8% increase from S\$6.38 million in the preceding year, largely attributed to the higher marketing expenses as well as a one-time expenses associated with the S\$60.00 million bond issued during 2Q2014.

As a result of the commencement of the Multicurrency Debt Issuance Programme in FY2013, finance expenses in FY2014 rose significantly by 283.4% to S\$11.24 million from S\$2.93 million in FY2013. Under the same program, an additional tranche of S\$60.00 million fixed rate notes was issued in 2Q2014, bringing the total debt raised by this program to S\$135.00 million.

Finance income increased 64.1% to S\$4.97 million, mainly due to an increase in interest-bearing advances made to its associated companies. There was also an S\$3.40 million fair value gain from the Group's three investment properties, Tampines Mart, The Woodgrove, and 62 Sembawang Road. As at 31 December 2014, the Group's net asset value improved 7.8% to 121.64 Singapore cents

CEO'S MESSAGE

per ordinary share from 112.85 Singapore cents per ordinary share at the end of the previous corresponding period.

Heeton had also witnessed a 36.2% increase in Share of profit of associated companies to S\$11.79 million due to higher progressive profit recognition of various joint venture residential projects.

DEVELOPMENT PROPERTIES

In line with the Group's strategy to participate in mass market development projects, Heeton had successfully ventured into a few projects during FY2014. A collaborative effort with Chip Eng Seng Corporation Ltd and KSH Holdings Limited was established to develop a 1400 units residential condominium project at Fernvale Road.

Plans have been made with Koh Brothers Group Limited to develop an executive condominium in Westwood Avenue, Jurong West and this project is expected to yield approximately 480 residential homes ranging from two to five bedrooms.

Diversifying from Singapore, Heeton has entered into an agreement with its business partners and propose to develop the property at 186 Wickham Street, Fortitude Valley, Brisbane, Australia into two residential towers with a total of 324 units.

The Group's development properties amounted to S\$210.69 million as of 31 December 2014.

HOSPITALITY/ INVESTMENT PROPERTIES

In addition to its strategy of participating in the mass development projects, the Group is also focusing on boosting its recurring income base particularly in the overseas markets where opportunities are more readily available.

One major segment that the Group is actively growing is hospitality. As part of this plan, the Group had acquired and refurbished Hotel ibis Styles London Kensington in London, United Kingdom (previously known as Enterprise Hotel) during FY2014.

In addition, the group enter into a joint venture with Lian Beng Group Ltd during the second half of FY2014 to purchase a hotel site at 29 Ranwell Lane in Fortitude Valley, Brisbane, Australia. The property is expected to be developed into a 23 storey hotel tower consisting of 198 rooms by FY2016.

Taking into consideration of these two hotel acquisitions, the Group's fixed assets stood at S\$68.29 million in FY2014.

The Group added to its investment properties portfolio with the acquisition of Adam House, a serviced office building in London, in 3Q2014. Taking into consideration of this investment, Heeton's total investment properties stood at S\$172.33 million in FY2014, representing a 24.1% increase from S\$138.90 million the year before.

OUTLOOK

In the coming year, the management will be looking at various ways to enhance the yields of the Group's existing investment properties and hotels. Notably, the Group will be expecting the reopening of Sun Plaza in Sembawang during first half of FY2015 after the completion of its additions and alterations program and this asset is expected to provide better returns for the Group going forward.

The Group will also continue to look for avenues of growth. While the Singapore market will continue to be subdued in the short term, the management is confident of the country's long term prospects and

development. Thus, the Group will continue to invest in Singapore albeit with a more cautious and prudence stance. Similarly, the management will also be monitoring the situation closely in order to effectively strategise the timing of releases for Heeton's existing and new development projects in Singapore.

On the other hand, the Group will be focusing its strategy of building recurring income bases as well as growing its hospitality business mainly on opportunities present in the overseas markets, where conditions are relatively more favourable and attractive. The Group will also actively seek collaborations with business partners in order to widen its market exposure and maximise its profit margins.

ACKNOWLEDGEMENT

We are pleased to report another profitable year for Heeton. This can only be achieved through the steadfast support from shareholders, clients and corporate partners over the last decade.

We will like to take this chance to express our gratitude to all those that have contributed to the growth of the Group, particularly our key management team, the Board of Directors and all of our employees for their relentless dedication to the Group.

TOH GIAP ENG, VINCE

Chief Executive Officer and Managing Director

总裁致辞

尊敬的各位股东：

近几年来，新加坡的房地产市场有如逆水行舟，尤其是政府对房地产业所实行的降温措施，更是让集团的财务表现受到影响。自从2009年，政府接二连三推出了九回的房地产降温措施以稳定日渐攀高的房地产价格。其中，影响最大的是2013年6月所推行的总债务偿还比率。[“Total Debt Servicing Ratio”]

既而，这些措施明显的影响了高档房地产的营业，喜敦也不例外，受到池鱼之殃。尽管如此，在过去的一年，集团继续加强对市场放缓的应对，参与新加坡大众住宅的发展项目以及活跃地投资海外资产。

集团对其业务的长远潜能仍然保持乐观的看法。虽然面对上列的挑战，集团很庆幸的在2014财政年取得盈余，除了每股新币0.5分的中期股息，董事会也提呈每股新币0.6分的最终股息以答谢各位股东多年来坚定不移的支持。

财务概要

集团的收入从2013财政年的1507万新元增长141.1%到2014财政年的3632万新元，增长主要来自于集团的两项发展项目-位于新加坡的综合发展项目，Onze@Tanjong Pagar以及坐落在英国伦敦的住宅项目，Earlington。

随着地产开发业务的增加，销售成本增加521.3%至2014财政年的1984万新元。同时，随着伦敦的业务开发，员工人数增加导致人力开支增加28.1%到435万新元。由于较高的宣传费用以及在2014财政年第二季度所派发的6000万新元债券所支出的一次性专业费用，其他经营费用从去年的638万新元增加42.8%到911万新元。

随着集团在2013财政年推出的多币种债券发行计划[“Multicurrency Debt Issuance Programme”]，财务费用在2014财政年里显著增长283.4%，从2013财政年的293万新元增加达1124万新元。在此债券

计划下，喜敦也在2014财政年第二季度里，另外融资了6000万新元的债务，把此计划的债务融资总额提高到1.35亿新元。

财务收入同时增长64.1%到497万新元，主要归功于向联营公司提供的计息贷款有所增加。此外，集团的三个投资房地产，Tampines Mart, The Woodgrove, 和 62 Sembawang Road也在今年里取得340万新元的公允价值增长。截止于2014年12月31日，集团的资产净值从去年的每股新币112.85分增加7.8%到今年的每股新币121.64分。

喜敦也目睹了36.2%的应占联营公司利益增加，达1179万新元，主要因为多项合资住宅发展项目有更高的逐渐盈利确认。

房地产开发

以响应集团参与大众住宅发展项目的策略，喜敦在2014财政年成功的步入几个项目。其中有与集永成机构和金成兴控股有限公司一起合作发展位于Fernvale Road的1400单位的住宅公寓项目。

集团也与许兄弟集团共同在Westwood Avenue, 裕廊西 开发一项约有480个单位(类型包括两房式至五房式)的执行公寓项目。

在扩展国外业务方面，喜敦也与商业伙伴达成协议开发坐落于澳洲，布里斯班，Fortitude Valley, 186 Wickham Street, 的房地产项目。此项目将包含两栋住宅大楼，共有324个单位。

截至2014年12月31日，集团拥有2.11亿新元的房地产开发资产。



总裁致辞

酒店业/房地产投资

除了参与大众住宅发展项目的策略，集团也把焦点放在增长其稳定收入的来源，尤其关注在拥有较多发展机会的海外市场。

集团正注重旅店业并且积极的开发这一块市场。在此计划下，集团在2014财政年收购并翻新在英国伦敦的Hotel ibis Styles London Kensington(之前称之为Enterprise Hotel)。

此外，集团也在2014的后半财政年与联明集团有限公司一起购买和发展在澳洲，布里斯班29 Lanwell Lane, Fortitude Valley, 的旅店产业项目。此资产估计将开发成为一栋23楼高，拥有198套房的旅店并预计在2016财政年完成。

加上今年所添购的两项旅店项目，集团2014财政年的不动产共有6829万新元。

在2014财政年第三季度中，集团收购了在英国伦敦的一栋服务办公楼，Adam House。这使得集团的房地产投资资产额从去年的1.39亿新元增加了24.1%到2014财政年的1.72亿新元。

远景

在来临的一年，管理层将会探讨更多能提高集团旗下的房地产投资以及旅店业务回报率的方案。值得一提的是，集团位于三巴旺的Sun Plaza购物中心将在2015的前半年完成新增和改建活动并且从新开幕。这估计会在接下来的日子带给集团更好的回报。

喜敦也会继续积极的探讨各种增长的途径。虽然新加坡的房地产市场短期内将继续疲弱，管理层对新加坡长期发展潜能保持极高的信心。因此，集团将会以谨慎的态度继续在新加坡做投资。另外，管理层也会密切的关注发展趋势以便有效的规划喜敦旗下现有以及新项目的推出时间。

另外一方面，集团也会专注于增进其稳定收入的业务以及积极地扩大旅店业务的策略，主要的投资机会来自于拥有更多有利条件的海外市场。当中，集团也会积极地与商业伙伴寻求合作机会以加强市场覆盖和取得盈利的最大化。

致谢

我们很高兴与您们分享喜敦在过去一年再次取得盈利的。这一切都归功于股东们，客户群以及企业伙伴们在过去十年中不懈的支持。

我们要借此机会对集团有所贡献的每一位人士表达我们万分的敬意，尤其我们的管理团队，董事会的各位和我们的所有员工对集团的无限付出。

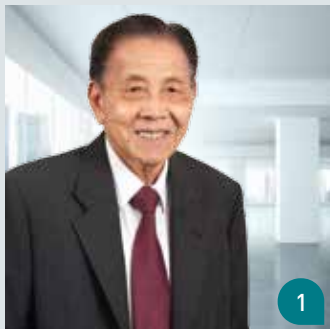
卓业荣

执行总裁兼董事总经理



Hotel Baraquada Pattaya, MGallery Collection

BOARD OF DIRECTORS



1



2



3



4

1 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.

2 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 is also a member of the Nominating Committee.

3 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 Certified Accountant of Singapore with Institute of Singapore Chartered Accountants.

4 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.

BOARD OF DIRECTORS

5

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 a fellow of the Singapore Institute of Surveyors and Valuers, a fellow of the Association of Property and Facility Managers, and an associate of the New Zealand Institute of Valuers and a member of the Valuation Review Board. 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.



5



6



7



6

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.

7

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. Mr Chia is currently the Chief Executive Officer and Executive Director of International Healthway Corporation, a company listed on the Catalist of SGX. Mr Chia is the Chairman of the Nomination Committee and a member of the Remuneration Committee.

KEY MANAGEMENT



TOH GIAP ENG, VINCE

LOW YEE KHIM, DANNY

HENG LEE CHENG, CHERYL

TAN HONG SIEN, JANET

CHIEF EXECUTIVE OFFICER & 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.

CHIEF OPERATING OFFICER & 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.

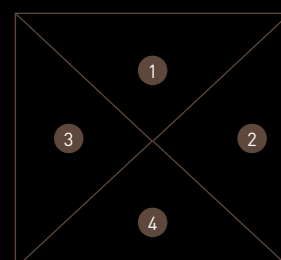
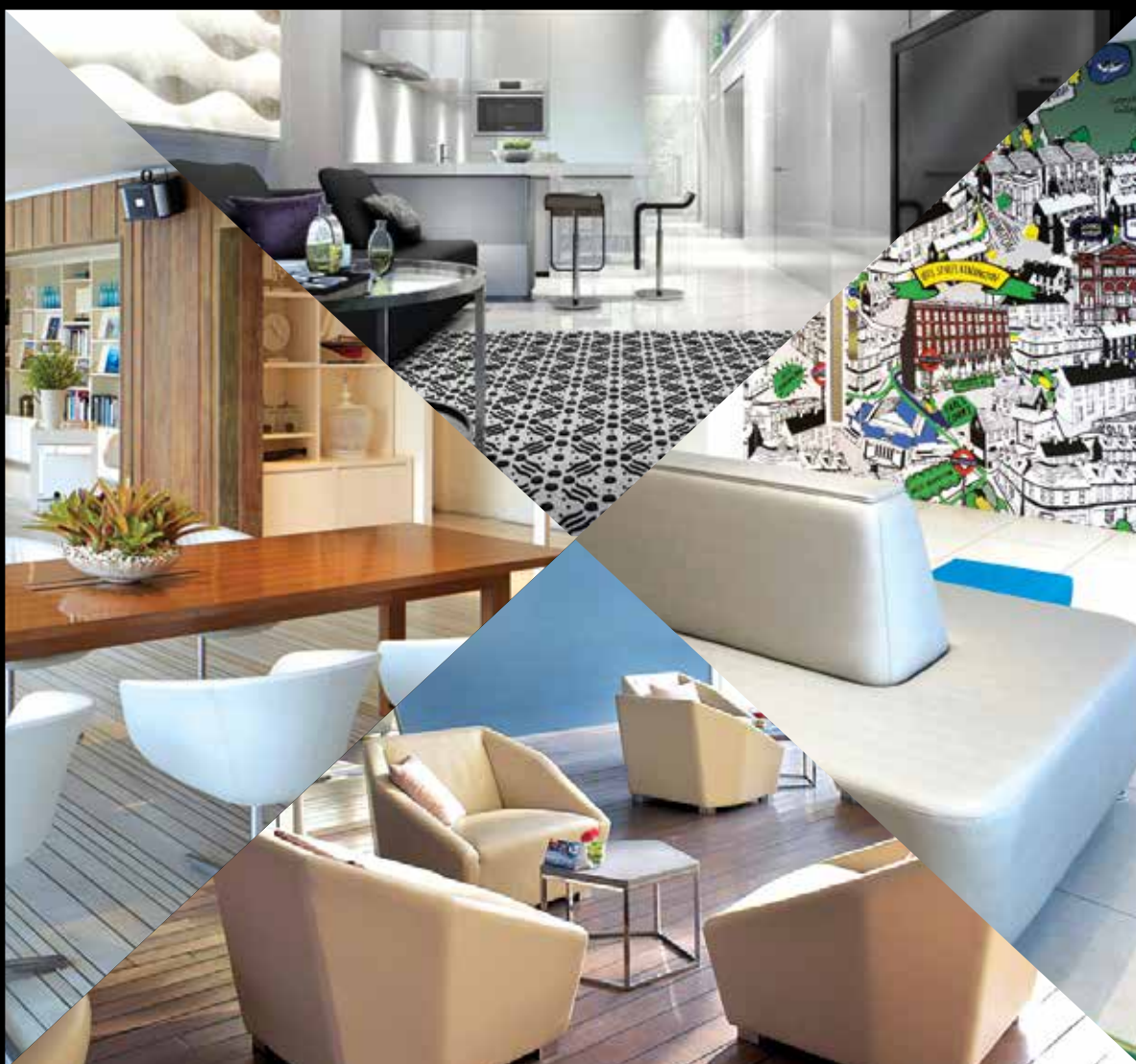
CHIEF FINANCIAL OFFICER

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 of Singapore and is a Chartered Accountant of Singapore.

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



1. ibis living room 2. ibis reception lounge
3. Hotel Baraquda Pattaya White Lounge 4. Hotel Baraquda Pattaya Lobby



(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 31 December 2014	Group's stake (%)	Launched / Expected Launch Date	Targeted Completion / Completion Date
Lincoln Suites	1/3 Kiang Guan Avenue, Off Newton Road / Residential	Freehold	16,826	175	N/A	93.7	25	October 2009	April 2014
The Boutiq	145 Killiney Road / Residential	Freehold	10,397	130	N/A	94.6	45	April 2011	October 2014
The Lumos	9 Leonie Hill / Residential	Freehold	9,253	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	85.6	12.25	May 2013	2016
KAP and KAP Residences	9 and 11 King Albert Park / Commercial and Residential	Freehold	17,178	142	107	99.6	12.60	May 2013	2017
Floraville, Floravista & Floraview	2/A/B – 20A/B/C Cactus Road / Commercial and Residential	Freehold	11,549	140	28	32.1	12.25	August 2013	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	2H2015	2016
Rezi 3Two	48-60 Lorong 32 Geylang Road / Residential	Freehold	3,455	65	N/A	49.2	10	November 2013	2017
Trio	7 to 19 Sam Leong Road / Commercial	Freehold	3,445	0	43	32.6	15	May 2014	2019
Onze@Tanjong Pagar	11 Kee Seng Street / Commercial and Residential	Freehold	5,572	56	13	39.1	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 31 December 2014	Group's Stake (%)	Launched / Expected Launch Date	Targeted Completion / Completion Date
Haus ²³	Ladprao 23 Road, Ladyarw (Bangsae-nuar) Bangkok Thailand / Residential	Freehold	17,214	236	N/A	73.7	48.99	September 2011	May 2014
Earlington	30-31 Philbeach Gardens, London, UK / Residential	Freehold	751	15	N/A	86.7	100	October 2012	March 2014
188 W Residences	186 Wickham Street Fortitude Valley, Queensland, Australia / Residential	Freehold	28,000	324	-	N.A	18.15	FY2015	FY2017

(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 2014 (\$'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	104.0	100
The Woodgrove	30 Woodlands Avenue 1 / Retail and Commercial	Leasehold term of 99 years from 26 June 1996	3,785	36	31.2	100
62 Sembawang Road	62 Sembawang Road/Transport Facilities	Estate in Perpetuity	1,239	1	7.1	100
Sun Plaza	30 Sembawang Drive / Retail and Commercial	Leasehold term of 99 years from 26 June 1996	14,724	131	269.5	50
223@ Mountbatten	223 Mountbatten Road / Commercial	15 years from 20 February 2012	10,447	90	49.0	16

(d) HOTELS AND INVESTMENT PROPERTIES (OUTSIDE OF SINGAPORE)

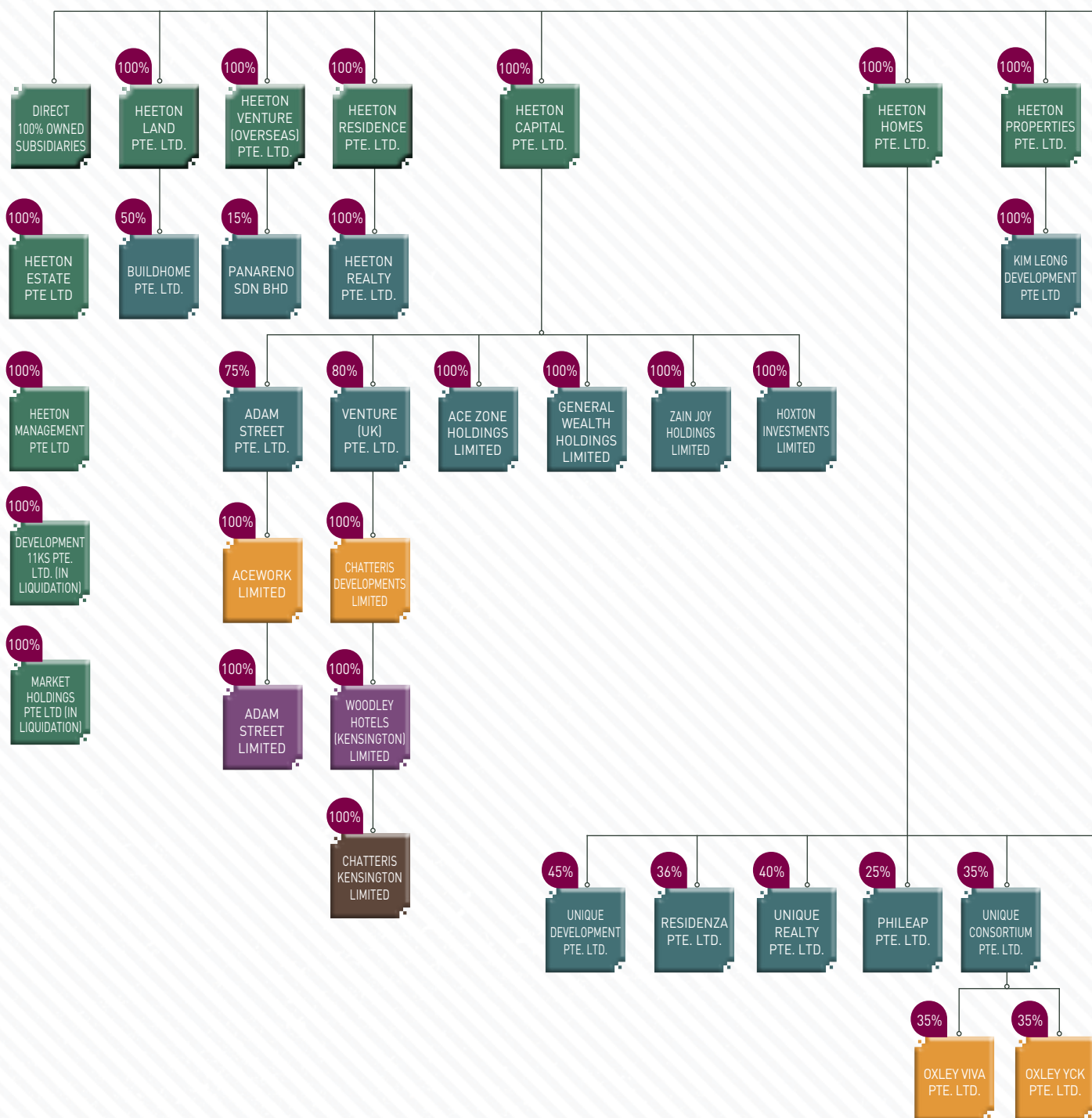
Name of development	Location / Type of development	Tenure	Approximate Lettable Area (sq m)	Number of Units	Fair value as at 31 December 2014 (\$'mil)	Group's Stake (%)
Mercure Hotel Pattaya	Pattaya, Thailand Hotel	Freehold	16,300	247 hotel rooms	22.2	86.7
Hotel Baraquda Pattaya, MGallery Collection	Pattaya, Thailand Hotel	Freehold	11,500	72 hotel rooms	16.6	38.98
Hotel ibis Styles London Kensington	15 – 25 Hogarth Road, Kensington, London, United Kingdom Hotel	Freehold	2,800	116 hotel rooms	48.0	80.0
29 Ranwell Lane	29 Ranwell Lane Fortitude Valley, Queensland, Australia Hotel	Freehold	To be confirmed	Proposed 198 hotel rooms	6.4	70.0
Adam House	7 – 10 Adam Street, London, United Kingdom Serviced office	Freehold	1,600	35 office units	28.5	75.0
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



1. Hotel Baraquda Pattaya, MGallery Collection
2. Sky Green, Artist's Impression
3. iLiv@Grange, Artist's Impression
4. Trio, Artist's Impression
5. Mercury Hotel Pattaya

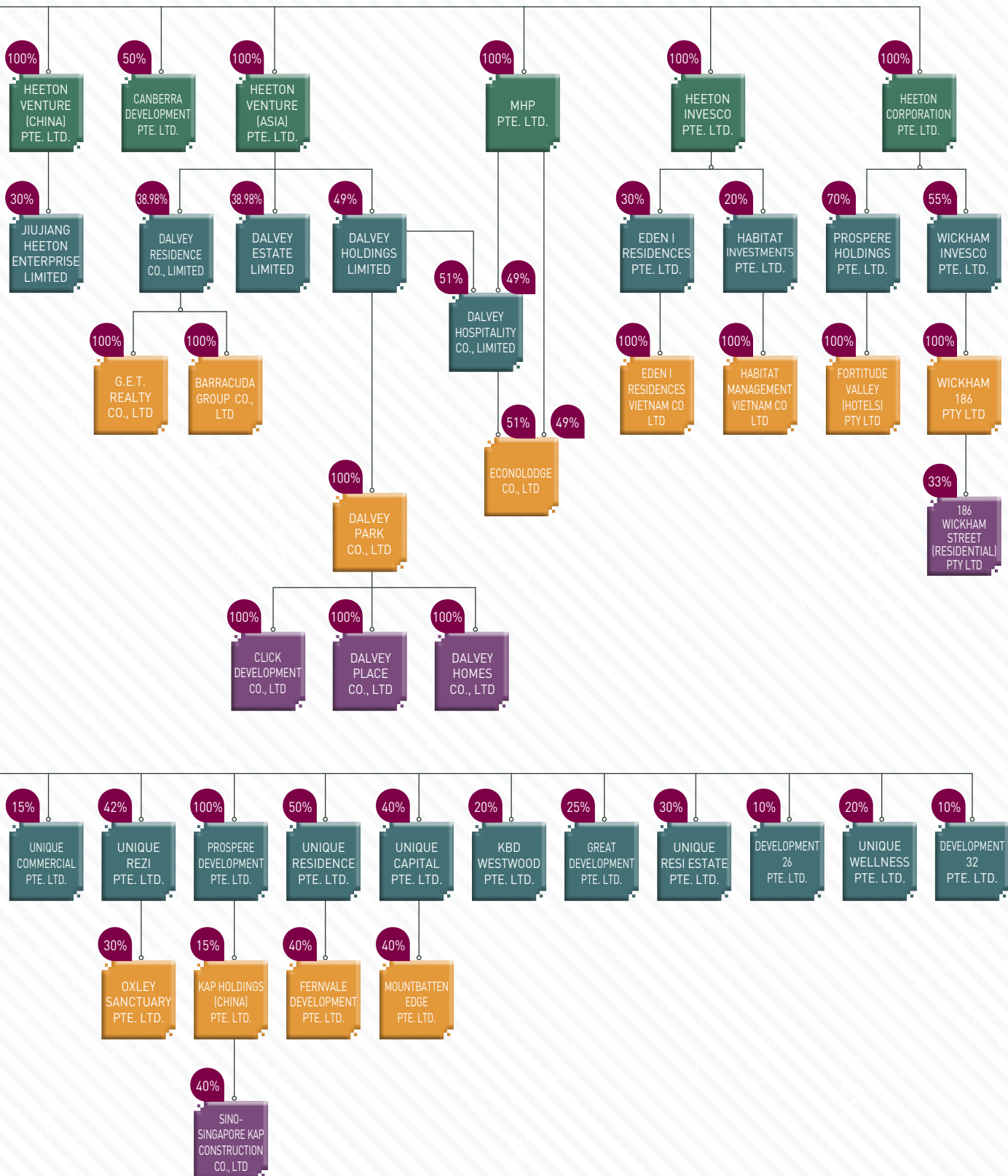
GROUP STRUCTURE

AS AT 31 DECEMBER 2014



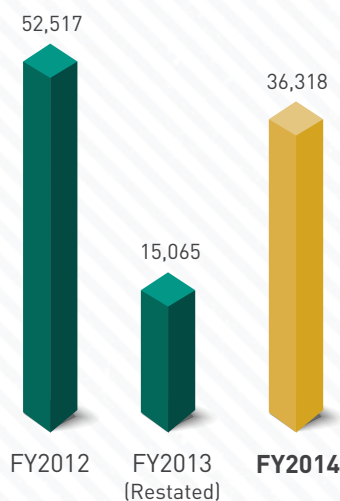


Heeton Holdings Limited

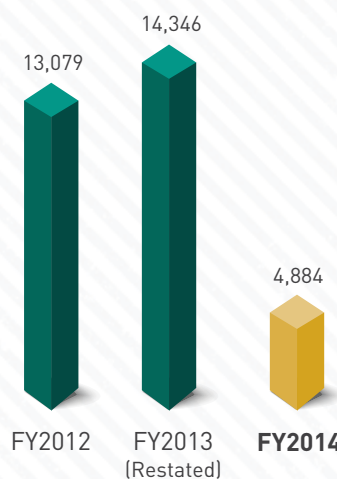


FINANCIAL HIGHLIGHTS

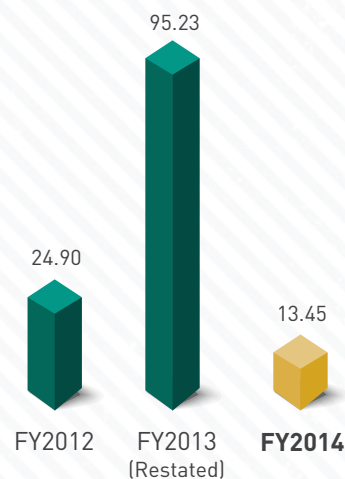
TURNOVER
(S\$'000)



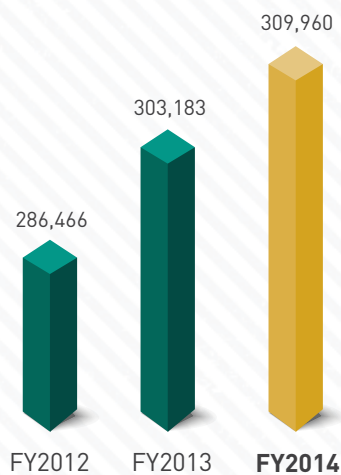
PBT (BEFORE GAIN ON FAIR VALUE OF INVESTMENT PROPERTIES)
(S\$'000)



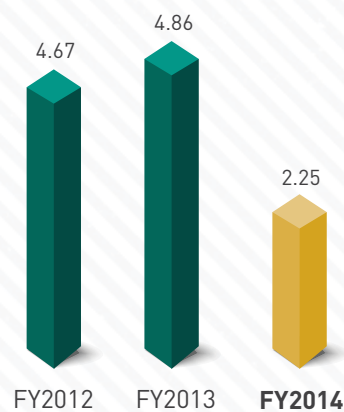
PBT MARGIN (BEFORE GAIN ON FAIR VALUE OF INVESTMENT PROPERTIES) (%)



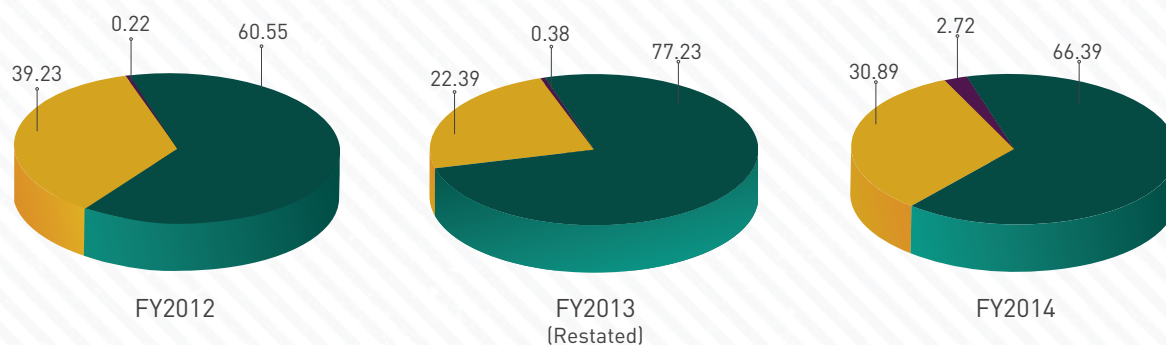
NET ASSETS VALUE BEFORE NCI
(S\$'000)



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



TURNOVER BY ACTIVITY (%)



● Property Development ● Property Investment ● Others

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 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 BANKERS

Oversea-Chinese Banking Corporation
Limited
United Overseas Bank Limited



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REPORT ON CORPORATE GOVERNANCE

Heeton Holdings Limited (the “Company”) is committed to maintaining a high standard of corporate governance in complying with the Code of Corporate Governance 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 FY2014

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	4	1	1	–	–	–	–
Toh Gap Seng	4	4	–	–	–	–	–	–
Low Yee Khim	4	4	–	–	–	–	–	–
Chew Chin Hua	4	4	1	1	–	–	4	4
Tan Tiong Cheng	4	4	1	1	1	1	4	4
Chia Kwok Ping	4	4	1	1	1	1	–	–

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 are based on the guidelines set out in the 2012 Code.

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 nine (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/ 24 April 2014	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	Not applicable
Low Yee Khim	–	3 October 2005 24 April 2014	Executive	Not applicable
Toh Gap Seng	–	10 February 1978/ 25 April 2013	Non-executive	Retirement by rotation pursuant to Article 95(2)
Chew Chin Hua	Chairman of Audit Committee and Member of Nominating Committee	27 December 2002/ 24 April 2014	Non-executive/ Independent	Not applicable
Tan Tiong Cheng	Chairman of Remuneration Committee and Member of Nominating Committee and Audit Committee	28 April 2009/ 25 April 2013	Non-executive/ Independent	Retirement by rotation pursuant to Article 95(2)
Chia Kwok Ping	Chairman of Nominating Committee and Member of Remuneration Committee	15 October 2012/ 25 April 2013	Non-executive/ Independent	Not applicable

(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 with effect from 1 February 2014.

REPORT ON CORPORATE GOVERNANCE

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.

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. 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 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.

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 2014.

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.

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;

REPORT ON CORPORATE GOVERNANCE

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

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

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

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.

For confidential reasons, the Board has not disclosed the remuneration of the each individual Director and the Group's key executives in full.

A breakdown, showing the level and mix of each individual Director's remuneration payable for the financial year ended 31 December 2014 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	84	14	—	2	100
Between \$500,000 to \$750,000					
Toh Giap Eng	83	14	—	3	100

Other benefits refer to car benefits during the year.

Key Executives

The remuneration of the key executives of the Group for the financial year ended 31 December 2014 is shown in the following bands:

Remuneration bands	Salary %	Bonus %	Fees %	Total %
Below \$250,000 Heng Lee Cheng	68	23	9	100
Above \$250,000 and below \$500,000 Tan Hong Sien	78	22	—	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 as and when required and highlights on key business indicators and any significant business developments are presented on a quarterly basis.

REPORT ON CORPORATE GOVERNANCE

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.

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 2014. 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 (the "Risk Management Committee") comprising of the CEO, COO and Chief Financial Officer 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.

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 2014, 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;

REPORT ON CORPORATE GOVERNANCE

- Reports actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate; and
- Reviews interested person transactions in accordance with the requirements of the SGX-ST's Listing Manual.

The AC also has 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. The objective of such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action.

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.

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. In addition to the regular dissemination of information through SGXNET, the Company also responds to enquiries from investors, analysts, fund managers and the press.

The Company has an existing investor relation firm to assist in disseminating news to the media and analysts after each quarterly results announcement and any price-sensitive information announced.

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 shareholders would be informed of the voting procedures at the commencement of the general meeting.

The Company Secretary prepares 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.

REPORT ON CORPORATE GOVERNANCE

The Company maintains a website (www.heeton.com) to bring public awareness of the Group's latest development and businesses. The public can provide feedback to the Company via the electronic mail address, the registered office address or calls. Calls and emails requesting for information are attended to promptly.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, general financial condition, results of operations, capital requirement, cashflow, general business condition, development plans and other factors as Directors may deem appropriate.

Notwithstanding the above, the Company has been declaring dividends on an annual basis. Any pay-outs are clearly communicated to shareholders via the financial results announcement through SGXNET.

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 2014.

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 2014.

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 2014.

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:

Name of director	Direct interest		Deemed interest	
	1 January 2014	31 December 2014	1 January 2014	31 December 2014
The Company				
Heeton Holdings Limited				
(Ordinary shares)				
Toh Khai Cheng ⁽¹⁾	16,703,220	18,364,110	110,044,110	108,383,220
Toh Giap Eng ⁽²⁾	25,798,030	25,858,030	67,390,920	67,390,920
Toh Gap Seng ⁽³⁾	14,723,370	14,723,370	360,000	360,000
Chew Chin Hua	36,000	36,000	–	–
Tan Tiong Cheng	12,000	12,000	–	–

⁽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.

⁽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.

DIRECTORS' REPORT

Directors' interests in shares and debentures (cont'd)

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2015.

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.

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;

Audit committee (cont'd)

- 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.

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
31 March 2015

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 2014 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
Managing Director

Low Yee Khim
Executive Director

Singapore
31 March 2015

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

Independent auditor's report 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 145, which comprise the balance sheets of the Group and the Company as at 31 December 2014, 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 2014

Independent auditor's report to the members of Heeton Holdings Limited

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 2014 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

31 March 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

	Note	2014 \$'000	2013 \$'000 (Restated)
Revenue	4	36,318	15,065
Cost of properties sold		(19,837)	(3,193)
Other operating income	5	3,151	3,733
Personnel expenses	6	(4,347)	(3,394)
Depreciation of fixed assets		(218)	(240)
Other operating expenses		(9,111)	(6,379)
Profit from operations	7	5,956	5,592
Finance expenses	8(a)	(11,236)	(2,931)
Finance income	8(b)	4,972	3,030
Share of results of associated companies/joint venture companies		11,792	8,655
Gains from fair value adjustments of investment properties	12	3,400	5,300
Provision for foreseeable losses on development property	20	(5,000)	–
Profit before tax		9,884	19,646
Income tax expense	9	(1,114)	(1,297)
Profit for the year		8,770	18,349
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(793)	1,227
Other comprehensive (expense)/income for the year, net of tax		(793)	1,227
Total comprehensive income for the year		7,977	19,576
Profit for the year			
Attributable to:			
Owners of the Company		9,455	18,350
Non-controlling interests		(685)	(1)
		8,770	18,349
Total comprehensive income for the year:			
Attributable to:			
Owners of the Company		8,662	19,577
Non-controlling interests		(685)	(1)
		7,977	19,576
Earnings per share attributable to owners of the Company (cents per share)			
Basic	10	3.52	6.83
Diluted	10	3.52	6.83

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

BALANCE SHEETS

AS AT 31 DECEMBER 2014

(In Singapore dollars)

			Group		Company
	Note	31.12.2014	31.12.2013 (Restated)	01.01.2013 (Restated)	31.12.2014 31.12.2013
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Fixed assets	11	68,291	455	498	161 206
Investment properties	12	172,333	138,900	209,600	– –
Subsidiaries	13	–	–	–	25,606 31,670
Associated companies	14	44,022	22,137	16,755	– –
Joint venture companies	15	50,330	55,962	55,173	5,000 5,000
Amounts due from associated companies, joint venture companies and investee companies	16	175,327	111,013	103,428	– –
Other investments	17	218	218	218	– –
Intangible assets	18	109	109	109	– –
Deferred tax assets	19	–	8	8	– 8
		510,630	328,802	385,789	30,767 36,884
Current assets					
Development properties	20	210,694	224,261	137,203	73,679 69,055
Trade receivables	21	159	287	241	– 1
Other receivables	22	8,670	6,039	661	3 737
Prepayments		574	835	34	19 307
Amounts due from subsidiaries (non-trade)	23	–	–	–	219,002 128,567
Amounts due from related parties (trade)	23	37	13	163	– –
Amounts due from joint venture company (non-trade)	23	1,293	–	80	1,293 –
Fixed deposits	24	20,036	47,124	–	19,221 47,000
Cash and bank balances	25	19,485	9,155	665	13,344 3,550
		260,948	287,714	139,047	326,561 249,217
Current liabilities					
Trade payables	26	5,944	6,710	3,314	1,272 529
Other payables and accruals	27	5,135	4,728	3,124	2,032 1,683
Amounts due to subsidiaries (non-trade)	23	–	–	–	29,729 14,958
Amounts due to joint venture company (non-trade)	23	–	–	1,700	– –
Amounts due to related parties (non-trade)	23	–	–	1,550	– –
Lease obligations	33	20	45	94	– 4
Bond	30	75,000	–	–	75,000 –
Short-term bank loans	28	–	1,000	34,705	– 1,000
Bank term loans	29	92,139	56,365	3,740	– –
Bank overdrafts		–	–	10,832	– –
Income tax payable		1,407	1,367	1,663	– 85
		179,645	70,215	60,722	108,033 18,259
Net current assets		81,303	217,499	78,325	218,528 230,958

(In Singapore dollars)

		Group			Company	
	Note	31.12.2014	31.12.2013 (Restated)	01.01.2013 (Restated)	31.12.2014	31.12.2013
		\$'000	\$'000	\$'000	\$'000	\$'000
Non-current liabilities						
Other payables and accruals	27	1,025	960	1,034	–	–
Lease obligations	33	–	21	66	–	–
Amounts due to associated companies (non-trade)	16	36,079	–	–	–	–
Bonds	30	60,000	75,000	–	60,000	75,000
Bank term loans	29	167,923	167,191	176,551	60,995	60,995
Deferred tax liabilities		159	–	–	159	–
		(265,186)	(243,172)	(177,651)	(121,154)	(135,995)
Net assets		326,747	303,129	286,463	128,141	131,847
Equity attributable to owners of the Company						
Share capital	31	58,803	58,803	58,803	58,803	58,803
Shareholders' contribution	35	8,596	8,596	8,596	–	–
Other reserve	32	(1,040)	(247)	(1,474)	–	–
Retained earnings		240,601	235,981	220,541	69,338	73,044
		306,960	303,133	286,466	128,141	131,847
Non-controlling interests	13	19,787	(4)	(3)	–	–
Total equity		326,747	303,129	286,463	128,141	131,847

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 2014

(In Singapore dollars)

	Note	Attributable to owners of the Company					Non-controlling interests	Total equity
		Share capital	Share-holders' contribution	Other reserves	Retained earnings	Total		
		(Note 31)		(Note 32)				
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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	42	-	-	-	(2,910)	(2,910)	-	(2,910)
At 31 December 2013		58,803	8,596	(247)	235,981	303,133	(4)	303,129
Balance at 1 January 2014		58,803	8,596	(247)	235,981	303,133	(4)	303,129
Profit for the year		-	-	-	9,455	9,455	(685)	8,770
Other comprehensive income								
- Foreign currency translation		-	-	(793)	-	(793)	-	(793)
Total comprehensive income for the year		-	-	(793)	9,455	8,662	(685)	7,977
Dividend on ordinary shares	42	-	-	-	(4,835)	(4,835)	-	(4,835)
Investment in new subsidiaries		-	-	-	-	-	20,476	20,476
At 31 December 2014		58,803	8,596	(1,040)	240,601	306,960	19,787	326,747

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 2014

(In Singapore dollars)

	Note	2014 \$'000	2013 \$'000 (Restated)
Cash flow from operating activities			
Profit before tax		9,884	19,646
Adjustments:			
Depreciation of fixed assets	11	218	240
Dividend income from investee company	5	–	(593)
Share of results of associated companies/joint venture companies		(11,792)	(8,655)
Gains from fair value adjustments of investment properties	12	(3,400)	(5,300)
Provision for foreseeable losses on development property	20	5,000	–
Interest expense	8(a)	11,236	2,931
Interest income	8(b)	(4,972)	(3,030)
Unrealised exchange differences		(462)	438
Total adjustments		(4,172)	(13,969)
Operating cash flows before changes in working capital		5,712	5,677
Changes in working capital:			
Decrease/(increase) in development properties		9,855	(7,641)
Decrease/(increase) in trade receivables		128	(46)
Increase in other receivables		(2,631)	(5,378)
Decrease/(increase) in prepayments		261	(801)
(Decrease)/increase in trade payables		(766)	3,396
Increase in other payables and accruals		472	1,530
Decrease in amounts due to related parties (non-trade)		–	(1,550)
(Decrease)/increase in amounts due from related parties (trade)		(24)	185
Total changes in working capital		7,295	(10,305)
Cash flows generated from/(used in) operations		13,007	(4,628)
Interest received		4,972	3,030
Interest paid		(12,524)	(5,808)
Income taxes paid		(907)	(1,594)
Net cash flows generated from/(used in) operating activities		4,548	(9,000)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

	Note	2014 \$'000	2013 \$'000 (Restated)
Cash flows used in investing activities			
Dividends received from investee company		–	593
Net cash outflow on investment in an associated company		(2,092)	–
Net cash outflow on investment in subsidiaries		(53,681)	–
Net cash outflow on acquisition of an investment property		(22,169)	–
Increase in amounts due from associated companies, joint venture companies and investee companies		(29,791)	(6,507)
Purchase of fixed assets		(4,198)	(198)
Net cash flows used in investing activities		(111,931)	(6,112)
Cash flows from financing activities			
Dividends paid on ordinary shares by the Company	42	(4,835)	(2,910)
Proceeds from loans and borrowings		35,506	9,561
Proceeds from bond issue		60,000	75,000
Repayment of lease obligations		(46)	(94)
Net cash flows generated from financing activities		90,625	81,557
Net (decrease)/increase in cash and cash equivalents		(16,758)	66,445
Cash and cash equivalents at beginning of year		56,279	(10,166)
Cash and cash equivalents at end of year	A	39,521	56,279

A. Cash and cash equivalents

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

Fixed deposits	24	20,036	47,124
Cash and bank balances	25	19,485	9,155
Cash and cash equivalents at end of year		39,521	56,279

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(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 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 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company except as discussed below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.2 *Changes in accounting policies* (cont'd)

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

The adoption of FRS 111 has resulted in the Group having to revise its method of accounting for its joint arrangements. Investments in jointly controlled entities had been previously consolidated proportionately. Under FRS 111, these arrangements are classified as joint ventures and are to be equity accounted.

The change in accounting policy has been applied in accordance with the transitional provision in FRS 111. The initial investment was measured as the aggregate of the carrying amounts of the assets and liabilities that the Group previously proportionately consolidated. The effects of adoption of FRS 111 and FRS 28 are as follows:

Impact on statement of comprehensive income (increase/(decrease)):

	Group
	2013
	\$'000
Revenue	(45,296)
Cost of sales	(36,147)
Other operating income	1,073
Personnel expenses	(139)
Depreciation of fixed assets	(2)
Other operating expenses	(3,592)
Finance expenses	(2,321)
Finance income	(13)
Share of profits of joint venture companies	1,545
Profit before tax	(490)
Income tax expense	(490)
Net impact on profit, net of tax	—

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

Impact on balance sheets (increase/(decrease)):

	Group	
	31.12.2013	01.01.2013
	\$'000	\$'000
Non-current assets		
Fixed assets	(2)	(3)
Investment properties	(126,202)	(125,000)
Associated companies and joint venture companies	89,240	81,223
Deferred tax assets	(54)	(55)
	(37,018)	(43,835)
Current assets		
Development properties	(105,533)	(111,985)
Trade receivables	(3,522)	(1,786)
Other receivables	(10)	(19)
Prepayments	(415)	(145)
Amounts due from related parties (trade)	–	(35)
Amounts due from joint venture company (non- trade)	–	80
Fixed deposits	(3,463)	(7,713)
Cash and bank balances	(1,971)	(1,266)
	(114,914)	(122,869)
Current Liabilities		
Trade payables	(3,529)	(5,945)
Other payables and accruals	(2,068)	(2,258)
Amounts due to joint venture company (non-trade)	–	1,700
Short-term bank loans	(12,000)	(12,000)
Bank term loans	(64,895)	(33,645)
Income tax payable	(539)	(2,124)
	(83,031)	(54,272)
Net current assets	(31,883)	(68,597)
Non-current liabilities		
Other payables and accruals	(400)	(432)
Bank term loans	(68,501)	(112,000)
	(68,901)	(112,432)
Net assets	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.2 *Changes in accounting policies* (cont'd)

Impact on statement of cash flows (increase/(decrease)):

	Group 2013 \$'000
Operating activities	(1,781)
Investing activities	(6,925)
Financing activities	12,250
Net increase in cash and cash equivalents	<u>3,544</u>

The Group has opted to provide the quantitative disclosures of the effect of the application of FRS 110 and FRS 111 only for the immediately preceding period. i.e., period ended 31 December 2013 and not for the current period.

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
Amendments to FRS 19 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 <i>Share Based Payment</i>	1 July 2014
(b) Amendments to FRS 103 <i>Business Combinations</i>	1 July 2014
(c) Amendments to FRS 108 <i>Operating Segments</i>	
(d) Amendments to FRS 113 <i>Fair Value Measurement</i>	1 July 2014
(e) Amendments to FRS 16 <i>Property, Plant and Equipment</i> and FRS 38 <i>Intangible Assets</i>	1 July 2014
(f) Amendments to FRS 24 <i>Related Party Disclosures</i>	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 <i>Business Combinations</i>	1 July 2014
(b) Amendments to FRS 113 <i>Fair Value Measurement</i>	1 July 2014

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Description	Effective for annual periods beginning on or after
<i>FRS 114 Regulatory Deferral Accounts</i>	1 January 2016
<i>Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants</i>	1 January 2016
<i>Amendments to FRS 27: Equity Method in Separate Financial Statements</i>	1 January 2016
<i>Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
<i>Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
<i>Improvements to FRSs (November 2014)</i>	1 January 2016
<i>Amendments to FRS 110 & FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
<i>FRS 115 Revenue from Contracts with Customers</i>	1 January 2017
<i>FRS 109 Financial Instruments</i>	1 January 2018

Except for FRS 115 and FRS 109, 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 115 and FRS 109 are described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective* (cont'd)

FRS 109 Financial Instruments

In December 2014, the ASC issued the final version of FRS 109 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory in the year of adoption. The adoption of FRS 109 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

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.

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.4 Foreign currency (cont'd)

(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.

2.5 Subsidiaries, basis of consolidation and business combinations

(a) Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

(b) Basis of consolidation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.5 *Subsidiaries, basis of consolidation and business combinations* (cont'd)

(b) *Basis of consolidation* (cont'd)

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

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

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

(c) *Business combinations and goodwill*

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.

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 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 2.9(a). 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.

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.5 Subsidiaries, basis of consolidation and business combinations (cont'd)

(c) Business combinations and goodwill (cont'd)

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 units to which goodwill have 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.

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.

2.7 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.7 *Joint arrangements* (cont'd)

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

a) **Joint operations**

The Group recognises in relation to its interest in a joint operation,

- (a) its assets, including its share of any assets held jointly;
- (b) its liabilities, including its share of any liabilities incurred jointly;
- (c) its revenue from the sale of its share of the output arising from the joint operation;
- (d) its share of the revenue from the sale of the output by the joint operation; and
- (e) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

b) **Joint ventures**

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.8.

2.8 *Joint ventures and associates*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.8 *Joint ventures and associates* (cont'd)

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

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

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 associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

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

2.9 *Fixed assets*

All items of fixed assets are initially recorded at cost. Subsequent to recognition, fixed assets other than freehold properties 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.

Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.9 *Fixed assets* (cont'd)

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated.

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.

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.11 *Construction contracts* (cont'd)

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.

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.

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.12 *Development properties* (cont'd)

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 development properties recognised in profit or loss on disposal are 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.13 *Intangible assets* (cont'd)

Goodwill (cont'd)

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

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

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

2.14 *Impairment of non-financial assets*

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs 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.

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.14 *Impairment of non-financial assets* (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.15 *Financial instruments* (cont'd)

(a) *Financial assets* (cont'd)

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.

(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.

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.15 *Financial instruments* (cont'd)

(a) *Financial assets* (cont'd)

Subsequent measurement (cont'd)

(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 derecognised.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.15 *Financial instruments* (cont'd)

(a) *Financial assets* (cont'd)

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.

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.15 *Financial instruments* (cont'd)

(b) *Financial liabilities* (cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.16 *Impairment of financial assets* (cont'd)

(a) *Financial assets carried at amortised cost* (cont'd)

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.

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.

(c) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.16 Impairment of financial assets (cont'd)

(c) Available-for-sale financial assets (cont'd)

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

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.

2.18 Trade and other receivables

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

2.19 Financial 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

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.

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.

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.22 *Leases* (cont'd)

(a) *As lessee* (cont'd)

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.

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:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.24 Revenue (cont'd)

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
- (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 Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.24 Revenue (cont'd)

II Sale of development property under construction (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.25 Taxes (cont'd)

(b) *Deferred tax*

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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.

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.25 **Taxes** (cont'd)

(b) *Deferred tax* (cont'd)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

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 41, 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.

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.

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

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.

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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

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.

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 2014 was \$109,000 (2013: \$109,000). More details are given in Note 18.

(In Singapore dollars)

3. Significant accounting estimates and judgements (cont'd)

3.1 Key sources of estimation uncertainty (cont'd)

(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-temporarily 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 37 to the financial statements.

(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 2014. 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 2014 was \$172,333,000 (2013: \$138,900,000).

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 \$5,170,000 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 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

3. Significant accounting estimates and judgements (cont'd)

3.1 Key sources of estimation uncertainty (cont'd)

(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 20 (Development Properties) and 4 (Revenue) to the financial statements respectively.

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 for 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. During the current financial year, the Group recognised provision for foreseeable losses on development properties of \$5,000,000 (2013: \$Nil).

(In Singapore dollars)

3. Significant accounting estimates and judgements (cont'd)

3.2 Judgements made in applying accounting policies (cont'd)

(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. Deferred tax assets are recognised for all deductible temporary differences, the 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.

The carrying amount of the Group's tax payables, deferred tax assets and deferred tax liabilities at 31 December 2014 was \$1,407,000 (2013: \$1,367,000), \$Nil (2013: \$8,000) and \$159,000 (2013: \$Nil) respectively.

(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.

(e) *Classification of investments as associated companies*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

Management has determined that it does not have control or joint control over its associated companies. The Group's associated companies are disclosed in Note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

3. Significant accounting estimates and judgements (cont'd)

3.2 Judgements made in applying accounting policies (cont'd)

- (f) *Assessment of a transaction or other event as a business combination or an asset acquisition*

On 31 January 2014, Chatteris Development Limited, the Group's 80% owned subsidiary, completed the purchase of the entire share capital of Woodley Hotels (Kensington) Limited ("the Purchase"). Management has determined that the Purchase does not constitute a business combination in accordance with FRS 103 Business Combinations, and has hence accounted for the Purchase as an asset acquisition. Details of the acquisition are disclosed in Note 13 to the financial statements.

4. Revenue

	Group	
	2014 \$'000	2013 \$'000 (Restated)
Revenue from sale of development properties (recognised on completed contract basis)	17,121	3,372
Revenue from sale of development properties (recognised on percentage of completion basis)	6,991	–
Total revenue from sale of development properties	24,112	3,372
Rental and related income from investment properties	12,162	11,635
Management fees income	44	58
	36,318	15,065

5. Other operating income

	Group	
	2014 \$'000	2013 \$'000 (Restated)
Dividend income from investee company	–	593
Forfeiture of deposits	30	90
Tentage and other rental	212	253
Management fees income from associated companies and joint venture companies	2,770	2,688
Others	139	109
	3,151	3,733

(In Singapore dollars)

6. Personnel expenses

	Group	
	2014	2013
	\$'000	\$'000
		(Restated)
Salaries and bonuses	3,893	3,084
Central Provident Fund contributions	327	225
Other staff costs	127	85
	<u>4,347</u>	<u>3,394</u>

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

7. Profit from operations

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

	Group	
	2014	2013
	\$'000	\$'000
		(Restated)
Audit fees paid to:		
– auditors of the Company	173	148
Non-audit fees paid to:		
– auditors of the Company	74	102
– other auditors	21	16
Depreciation of fixed assets	218	240
Directors' remuneration		
– directors of the Company	1,122	1,204
– directors of subsidiaries	253	240
Directors' fees		
– directors of the Company	399	399
– directors of subsidiaries	21	21
Gains from fair value adjustments of investment properties	(3,400)	(5,300)
Building repairs and maintenance	976	868
Property tax	1,259	1,039
Sales and marketing expenses	2,300	1,267
Operating lease expenses	<u>124</u>	<u>124</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

8. Finance expenses/(income)

		Group	
	Note	2014 \$'000	2013 \$'000 (Restated)
(a) Finance expenses			
Interest expense on:			
– bank loans		5,550	5,075
– bank overdrafts		48	103
– lease obligations		5	7
– bonds		6,266	644
– advances from associated companies/joint venture companies		650	–
– fair value adjustment on security deposits		5	(21)
		12,524	5,808
Less: Interest capitalised in development properties	20	(1,288)	(2,877)
		11,236	2,931
(b) Finance income			
Interest income from loans and receivables:			
– fixed deposits		(161)	(39)
– loans to associated companies		(3,910)	(2,417)
– loans to investee companies		(141)	(130)
– loans to joint venture companies		(760)	(444)
		(4,972)	(3,030)

(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 2014 and 2013 are:

	Group	
	2014 \$'000	2013 \$'000 (Restated)
<i>Statement of comprehensive income:</i>		
Current income tax:		
– Current year	1,400	1,256
– (Over)/under provision in respect of previous years	(453)	41
	947	1,297
Deferred income tax:		
– Origination and reversal of temporary differences	159	–
– Under provision in respect of previous years	8	–
	167	–
Income tax expense recognised in profit or loss	1,114	1,297

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 2014 and 2013 are as follows:

Profit before tax	9,884	19,646
Taxation at statutory tax rate of 17% (2013: 17%)	1,680	3,340
Adjustments:		
Non-deductible expenses	1,732	705
Income not subject to taxation	(760)	(1,188)
Effect of tax rebate and partial tax exemption	(232)	(217)
Benefits from previously unrecognised tax losses	–	(6)
Deferred tax assets not recognised	1,007	91
(Over)/under provision in respect of previous years	(445)	41
Share of results of associated companies/joint venture companies	(2,005)	(1,471)
Tax losses not allowed to be carried forward	150	16
Others	(13)	(14)
Income tax expense recognised in profit or loss	1,114	1,297

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(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.

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	
	2014 \$'000	2013 \$'000 (Restated)
Profit for the year attributable to owners of the Company used in the computation of basic earnings per share and diluted earnings per share	9,455	18,350
	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	268,615	268,615

(In Singapore dollars)

11. Fixed assets

	At valuation	At Cost					
	Freehold properties	Plant and equipment	Renovations	Motor vehicles	Equipment and fixtures	Furniture and fittings	Computers
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group							
Cost:							
At 1 January 2013 (Restated)	-	3,348	476	696	195	278	254
Additions	-	150	-	-	2	14	31
Disposal	-	-	-	-	-	-	(4)
At 31 December 2013 and 1 January 2014	-	3,498	476	696	197	292	281
Additions	67,965	-	8	-	6	1	74
Disposal	-	-	-	-	-	-	(22)
At 31 December 2014	67,965	3,498	484	696	203	293	333
Accumulated depreciation:							
At 1 January 2013 (Restated)	-	3,348	429	332	194	273	173
Charge for the year	-	21	42	130	1	2	44
Disposal	-	-	-	-	-	-	(4)
At 31 December 2013 and 1 January 2014	-	3,369	471	462	195	275	213
Charge for the year	-	30	4	129	2	6	47
Disposal	-	-	-	-	-	-	(22)
At 31 December 2014	-	3,399	475	591	197	281	238
Net book value:							
At 31 December 2014	67,965	99	9	105	6	12	95
At 31 December 2013 (Restated)	-	129	5	234	2	17	68

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

11. Fixed assets (cont'd)

Company	Renovations \$'000	Equipment and fixtures \$'000	Furniture and fittings \$'000	Computers \$'000	Motor vehicles \$'000	Total \$'000
Cost:						
At 1 January 2013	12	71	18	255	330	686
Additions	-	-	-	33	-	33
Disposal	-	-	-	(4)	-	(4)
At 31 December 2013 and 1 January 2014	12	71	18	284	330	715
Additions	-	-	-	67	-	67
Disposal	-	-	-	(22)	-	(22)
At 31 December 2014	12	71	18	329	330	760
Accumulated depreciation:						
At 1 January 2013	12	71	18	175	127	403
Charge for the year	-	-	-	44	66	110
Disposal	-	-	-	(4)	-	(4)
At 31 December 2013 and 1 January 2014	12	71	18	215	193	509
Charge for the year	-	-	-	46	66	112
Disposal	-	-	-	(22)	-	(22)
At 31 December 2014	12	71	18	239	259	599
Net book value:						
At 31 December 2014	-	-	-	90	71	161
At 31 December 2013	-	-	-	69	137	206

(In Singapore dollars)

11. Fixed assets (cont'd)

Assets held under finance leases

As at 31 December 2014, the Group and Company had motor vehicles under finance leases with a net book value of approximately \$100,000 and \$71,000 (2013 restated: \$221,000 and \$137,000), respectively.

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

Freehold properties are mortgaged to banks to secure banking facilities granted to the Group (Note 29).

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		Company	
				2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000
(a) Tampines Mart (Block 5, 7, 9, 11 Tampines Street 32)	Shops	Leasehold	78 years	104,000	102,200	–	–
(b) The Woodgrove (30 Woodlands Avenue 1)	Shops	Leasehold	81 years	31,200	29,800	–	–
(c) 62 Sembawang Road	Transport facility	Freehold	Estate in perpetuity	7,100	6,900	–	–
(d) Adam House (7-10 Adam Street, London, United Kingdom)	Serviced office	Freehold	Freehold	30,033	–	–	–
				172,333	138,900	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

12. Investment properties (cont'd)

The movement in investment properties is as follows:

	Group		Company	
	2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000
Balance sheet				
Balance as at beginning of year (restated)	138,900	209,600	–	76,000
Transfer to development property	–	(76,000)	–	(76,000)
Additions	30,033	–	–	–
Gains from fair value adjustments recognised in statement of comprehensive income	3,400	5,300	–	–
Balance as at end of year	172,333	138,900	–	–

In 2013, 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	
	2014 \$'000	2013 \$'000 (Restated)
Statement of comprehensive income:		
Rental income from investment properties:		
– Minimum lease payments	12,162	11,635
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties	2,566	2,146

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.

(In Singapore dollars)

12. Investment properties (cont'd)

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2014 and 31 December 2013. The valuations were performed by CB Richard Ellis (Pte) Ltd, Knight Frank Pte Ltd and Savills (UK) Limited, 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 38.

All the above investment properties are mortgaged to banks to secure banking facilities granted to the Group (Note 29).

13. Subsidiaries

(a) Investment in subsidiaries comprises:

	Company	
	2014	2013
	\$'000	\$'000
Unquoted equity shares, at cost	27,417	33,481
Less: Impairment losses	(1,811)	(1,811)
Carrying amount of investments	25,606	31,670
Movement of cost of investment:		
At beginning of year	33,481	33,481
Less: Reduction of investment resulting from voluntary liquidation of subsidiaries	(6,064)	–
At end of year	27,417	33,481
Movement of impairment losses:		
At beginning and end of year	1,811	1,811

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

13. Subsidiaries (cont'd)

(a) Investment in subsidiaries comprises (cont'd):

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Company	
			2014 %	2013 %	2014 \$'000	2013 \$'000
	Held by the Company					
*	Heeton Estate Pte Ltd (Singapore)	Property investment holding	100	100	22,962	22,962
**	Development 11KS Pte. Ltd. (Singapore)	In voluntary liquidation	100	100	–	1,626
**	Market Holdings Pte Ltd (Singapore)	In voluntary liquidation	100	100	–	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
*	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	— ^(a)	— ^(a)
*	Heeton Venture (China) Pte. Ltd. (Singapore)	Investment holding	100	100	— ^(a)	— ^(a)
*	Heeton Residence Pte. Ltd. (Singapore)	Property development and investment holding	100	100	1,000	1,000

(In Singapore dollars)

13. Subsidiaries (cont'd)

(a) Investment in subsidiaries comprises (cont'd):

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Company	
			2014 %	2013 %	2014 \$'000	2013 \$'000
Held by the Company (cont'd)						
*	Heeton Homes Pte. Ltd. (Singapore)	Investment holding	100	100	— ^(a)	— ^(a)
*	Heeton Capital Pte. Ltd. (Singapore)	Property development and investment holding	100	100	— ^(a)	— ^(a)
*	MHP Pte. Ltd. (Singapore)	Investment holding	100	100	— ^(a)	— ^(a)
*	Heeton Invesco Pte. Ltd. (Singapore)	Investment holding	100	100	— ^(a)	— ^(a)
*	Heeton Corporation Pte. Ltd. (Singapore)	Investment holding	100	—	— ^(a)	—
Held through subsidiaries						
*	Kim Leong Development Pte Ltd (Singapore)	Dormant	100	83.56	—	—
*	Heeton Realty Pte. Ltd. (Singapore)	Property development	100	100	—	—
*	Prosper Development Pte. Ltd. (Singapore)	Investment holding	100	100	—	—
*	Prosper Holdings Pte. Ltd. (Singapore)	Investment holding	70	—	—	—
**	Fortitude Valley (Hotels) Pty Ltd (Australia)	Property investment holding	70	—	—	—

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

13. Subsidiaries (cont'd)

(a) Investment in subsidiaries comprises (cont'd):

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Company	
			2014	2013	2014	2013
			%	%	\$'000	\$'000
Held through subsidiaries (cont'd)						
*	Wickham Invesco Pte. Ltd. (Singapore)	Investment holding	55	–	–	–
**	Wickham 186 Pty Ltd (Australia)	Investment holding	55	–	–	–
*	Adam Street Pte. Ltd. (Singapore)	Investment holding	75	–	–	–
**	Zain Joy Holdings Limited (British Virgin Islands)	In voluntary liquidation	100	100	–	–
**	General Wealth Holdings Limited (British Virgin Islands)	Property development	100	100	–	–
*	Venture (UK) Pte. Ltd. (Singapore)	Investment holding	80	100	–	–
**	Chatteris Development Limited (British Virgin Islands)	Property development	80	100	–	–
***	Woodley Hotels (Kensington) Limited (England & Wales)	Property investment holding	80	–	–	–
***	Chatteris Kensington Limited (England & Wales)	Hotel operation	80	–	–	–
**	Acework Limited (British Virgin Islands)	Property investment holding	75	–	–	–

(In Singapore dollars)

13. Subsidiaries (cont'd)

(a) Investment in subsidiaries comprises (cont'd):

Name of company (Country of incorporation and place of business)		Principal activities	Equity interest held by the Group		Cost of investment by the Company	
			2014 %	2013 %	2014 \$'000	2013 \$'000
Held through subsidiaries (cont'd)						
**	Adam Street Limited (England & Wales)	Property management	75	–	–	–
**	Ace Zone Holdings Limited (British Virgin Islands)	Property development	100	–	–	–
**	Hoxton Investments Limited (British Virgin Islands)	Property development	100	–	–	–
					27,417	33,481

* Audited by Ernst & Young LLP, Singapore.

** Not required to be audited.

*** Audited by LB Group, London

Ⓐ \$2 comprising two subscriber shares of \$1 each.

Impairment testing of investment in subsidiaries

As at 31 December 2014, the Company has recognised accumulated impairment losses on investment in subsidiaries amounting to \$1,811,000 (2013: \$1,811,000).

Acquisition of subsidiary

On 31 January 2014 (the "Acquisition Date"), Chatteris Development Limited, the Group's 80% owned subsidiary, completed the purchase of the entire share capital of Woodley Hotels (Kensington) Limited ("Woodley"), at a consideration of approximately Pound Sterling 22.9 million or S\$48 million.

Woodley is the beneficial owner of Hotel ibis Styles London Kensington (the "Hotel") located at Hogarth Road, Earls Court London which previously comprised 100 hotel rooms. The Group completed the refurbishment work in December 2014 and increased the number of rooms to 116 rooms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

13. Subsidiaries (cont'd)

- (a) Investment in subsidiaries comprises (cont'd):

Acquisition of subsidiary (cont'd)

The Hotel commenced operations in October 2014. The Group is operating the Hotel under Franchise arrangements with Accor and brand name ibis Style.

Management has determined that the above transaction does not constitute a business combination in accordance with FRS 103 Business Combinations, and has hence accounted for the transaction as an acquisition of assets.

The fair value of the identifiable assets and liabilities of Woodley as at the Acquisition Date were:

	Fair value on Acquisition Date 2014 \$'000
Fixed assets	51,667
Inventories	4
Trade receivables	180
Cash and cash equivalents	73
	<u>51,924</u>
Trade payables	<u>(24,055)</u>
	<u>(24,055)</u>
Total identifiable net assets at fair value	27,869
Less:	
20% of net assets at fair value by Non-controlling interest	<u>(3,310)</u>
	<u>24,559</u>
Consideration transferred for the acquisition of Woodley Cash paid	<u>24,559</u>

The fair value of the fixed assets is based on a valuation performed by Jones Lang Lasalle, an independent valuer with recognised and relevant professional qualifications with recent experience in the location and category of the property being valued.

(In Singapore dollars)

13. Subsidiaries (cont'd)

(b) *Interest in subsidiaries with material non-controlling interest (NCI)*

As at 31 December 2014, the Group has the following subsidiaries that have NCI that are material to the Group. As at 31 December 2013, there are no subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit/(loss) allocated to NCI during the reporting period \$'000	Accumulated NCI at the end of reporting period \$'000	Dividends paid to NCI \$'000
31 December 2014:					
Chatteris Development Limited	British Virgin Islands	20%	(156)	3,154	–
Woodley Hotels (Kensington) Limited	England & Wales	20%	(278)	4,563	–
Acework Limited	British Virgin Islands	25%	81	7,824	–
Fortitude Valley (Hotels) Pty Ltd	Australia	30%	(6)	2,464	–
Wickham 186 Pty Ltd	Australia	45%	(49)	2,057	–

Significant restrictions:

There are no significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries with material non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

13. Subsidiaries (cont'd)

(c) Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

	Chatteris Development Limited \$'000	Woodley Hotels (Kensington) Limited \$'000	Acework Limited \$'000	Fortitude Valley (Hotels) Pty Ltd \$'000	Wickham 186 Pty Ltd \$'000
Current					
Assets	8,439	1,237	43	629	30
Liabilities	(35,123)	(8,911)	(67)	–	–
Net current (liabilities)/ assets	(26,684)	(7,674)	(24)	629	30
Non-current					
Assets	25,607	54,581	30,034	6,579	4,134
Liabilities	–	(25,296)	(29,686)	(7,228)	(4,273)
Net non-current assets/ (liabilities)	25,607	29,285	348	(649)	(139)
Net (liabilities)/ assets	(1,077)	21,611	324	(20)	(109)

Summarised statement of comprehensive income

Revenue	–	–	326	–	–
(Loss)/profit before income tax	(782)	(1,389)	324	(20)	(108)
Income tax expense	–	–	–	–	–
(Loss)/profit after tax, representing total comprehensive (expense)/income	(782)	(1,389)	324	(20)	(108)

Other summarised information

Net cash flows from operations	(782)	(1,389)	324	(20)	(108)
Acquisition of significant Property, plant and equipment	–	(54,581)	(30,033)	(6,579)	–

(In Singapore dollars)

14. Associated companies

The Group's material investment in associates are summarised below:

	Group	
	2014	2013
	\$'000	\$'000
		(Restated)
Econolodge Co., Ltd	14,081	14,048
186 Wickham Street (Residential) Pty Ltd	3,772	–
Unique Development Pte. Ltd.	9,257	3,830
Unique Realty Pte. Ltd.	2,537	–
Unique Consortium Pte. Ltd.	3,845	165
Unique Rezi Pte. Ltd.	4,252	308
Other associates	6,278	3,786
	<u>44,022</u>	<u>22,137</u>

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 \$817,000 (2013: \$845,000), of which \$28,000 (2013: \$46,000) was the share of the current year's profits. 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 \$2,515,000 (2013: \$2,378,000), of which \$137,000 (2013: \$771,000) 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 \$1,230,000 (2013: \$1,111,000), of which \$119,000 (2013: \$9,000) 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 Resi Estate Pte. Ltd. where its share of losses exceeds the Group's interest in this associate. The Group cumulative share of unrecognised losses at the end of the reporting period was \$65,000 (2013: \$18,000), of which \$47,000 (2013: profit of \$11,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

14. Associated companies (cont'd)

Name of company (Country of incorporation and place of business)			Equity interest held by the Group		Cost of investment by the Group	
	Principal activities	2014 %	2013 %	2014 \$'000	2013 \$'000	
Held through subsidiaries						
##	Jiujiang Heeton Enterprise Ltd (China)	Dormant	30.00	30.00	4,101	4,101
***	KSH (China) Venture Pte. Ltd. (Singapore)	Dormant	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

(In Singapore dollars)

14. Associated companies (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Group	
			2014	2013	2014	2013
			%	%	\$'000	\$'000
Held through subsidiaries (cont'd)						
##	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
###	KBD Westwood Pte. Ltd. (Singapore)	Property development	20.00	—	200	—
##	Imperial South East Asia Investment Pte. Ltd. (Singapore)	Dormant	32.65	—	3	—
##	Great Development Pte. Ltd. (Singapore)	Dormant	25.00	—	—	—
##	186 Wickham Street (Residential) Pty Ltd (Australia)	Property development	33.00	—	3,834	—
####	Eden I Residences Pte. Ltd. (Singapore)	Investment holding	30.00	30.00	450	450
####	Habitat Investments Pte. Ltd. (Singapore)	Investment holding	20.00	20.00	—	—
Held through Dalvey Holding Co., Ltd						
**	Dalvey Park Co., Ltd (Thailand)	Investment holding	48.99	48.99	—	—

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

14. Associated companies (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Group	
			2014	2013	2014	2013
			%	%	\$'000	\$'000
Held through Dalvey Residence Co., Ltd						
**	G.E.T. Realty Co. Ltd (Thailand)	Property development and property investment holding	38.98	38.98	–	–
**	Barracuda Group Co., Ltd (Thailand)	Hotel operation and property investment holding	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	–	–
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	–	–

(In Singapore dollars)

14. Associated companies (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Group	
			2014	2013	2014	2013
			%	%	\$'000	\$'000
Held through Unique Rezi Pte. Ltd.						
#	Oxley Sanctuary Pte. Ltd. (Singapore)	Property development	12.60	12.60	–	–
Held through Unique Capital Pte. Ltd.						
***	Mountbatten Edge Pte. Ltd. (Singapore)	Property investment holding	16.00	16.00	–	–
					24,490	20,453

* Audited by member firm of Ernst & Young Global in Thailand.

** Audited by Horwath (Thailand) Limited.

*** Audited by Ernst & Young LLP, Singapore.

Audited by RSM Chio Lim LLP, Singapore.

Not required to be audited.

Audited by Pricewaterhousecoopers LLP, Singapore.

Audited by CPA Link Certified Public Accountants, Singapore.

Ⓐ Classified as associated companies based on voting power which does not constitute control.

ⒶⒶ \$1 comprising one subscriber share.

ⒶⒶⒶ \$200 comprising 200 shares.

Aggregate information about the Group's investments in associates that are not individually material is as follows:

	Group	
	2014 \$'000	2013 \$'000
Profit or loss after tax from continuing operations	3,497	5,817
Other comprehensive income	-	-
Total comprehensive income	3,497	5,817

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

14. Associated companies (cont'd)

The summarised financial information in respect of the material investments in associate companies, based on its FRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated statements are as follows:

Summarised balance sheet

	Econolodge Co., Ltd		186 Wickham Street (Residential) Pty Ltd		Unique Development Pte. Ltd.		Unique Realty Pte. Ltd.		Unique Consortium Pte. Ltd.		Unique Rezi Pte. Ltd.	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets	2,104	1,772	4,637	-	67,781	138,302	89,739	98,035	34	34	160	18
Non-current assets excluding goodwill	7,358	7,400	-	-	-	-	-	217	92,025	47,408	47,406	11,559
Total assets	9,462	9,172	4,637	-	67,781	138,302	89,739	98,252	92,059	47,442	47,566	11,577
Current liabilities	(984)	(860)	(180)	-	(19,258)	(94,638)	(6,947)	(2,234)	(5)	(12)	(5)	(7)
Non-current Liabilities	(3,021)	(3,130)	(1,013)	-	(27,951)	(35,153)	(76,449)	(96,084)	(81,067)	(46,959)	(37,436)	(10,837)
Total liabilities	(4,005)	(3,990)	(1,193)	-	(47,209)	(129,791)	(83,396)	(98,318)	(81,072)	(46,971)	(37,441)	(10,844)
Net assets/(liabilities)	5,457	5,182	3,444	-	20,572	8,511	6,343	(66)	10,987	471	10,125	733
Net assets excluding goodwill	5,457	5,182	3,444	-	20,572	8,511	6,343	(66)	10,987	471	10,125	733
Proportion of the Group's ownership	86.74%	86.74%	33%	-	45%	45%	40%	40%	35%	35%	42%	42%
Group's share of net assets/(liabilities)	4,733	4,495	1,137	-	9,257	3,830	2,537	(26)	3,845	165	4,252	308
Negative goodwill on acquisition	(564)	(564)	-	-	-	-	-	-	-	-	-	-
Other adjustments	9,912 ⁽¹⁾	10,117 ⁽¹⁾	2,635 ⁽²⁾	-	-	-	-	26	-	-	-	-
Carrying amount of the investment	14,081	14,048	3,772	-	9,257	3,830	2,537	-	3,845	165	4,252	308

(1) Other adjustments comprise of fair value adjustments to the assets of the associated company at date of acquisition by the Group.

(2) Other adjustments comprise of non-cash consideration by the other shareholders of the associated company.

(In Singapore dollars)

14. Associated companies (cont'd)

Summarised statement of comprehensive income

	186 Wickham Street (Residential) Pty Ltd												Unique Development Pte. Ltd.		Unique Realty Pte. Ltd.		Unique Consortium Pte. Ltd.		Unique Rezi Pte. Ltd.	
	Econolodge Co., Ltd																			
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Revenue	4,386	5,148	-	-	-	-	123,770	64,996	71,039	23,680	-	-	-	-	-	-	-	-		
Profit or loss from continuing operations	67	839	(186)	-	-	-	12,061	7,434	6,409	753	10,517	(480)	9,390	(510)	-	-	-	-		
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total comprehensive income/(expense)	67	839	(186)	-	-	-	12,061	7,434	6,409	753	10,517	(480)	9,390	(510)	-	-	-	-		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

14. Associated companies (cont'd)

Acquisition of an associated company

186 Wickham Street (Residential) Pty Ltd

On 18 August 2014, Wickham 186 Pty Ltd, a 55%-owned subsidiary of the Group, has entered into a shareholders agreement with Marvel Investments Pty Ltd ("Marvel") and 186 Wickham Street (Residential) Pty Ltd ("186 Wickham") and subscribed for 330 ordinary shares, representing 33% of the share capital of 186 Wickham at Australian Dollar 3.30 million or approximately S\$3.83 million. Marvel owns the balance 67% of the share capital of 186 Wickham.

15. Joint venture companies

The Company's investment in joint venture companies comprises:

	Company	
	2014 \$'000	2013 \$'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	
			2014 %	2013 %	2014 \$'000	2013 \$'000
*	Canberra Development Pte Ltd (Singapore)	Property investment holding	50	50	5,000	5,000

(In Singapore dollars)

15. Joint venture companies (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Company	
			2014 %	2013 %	2014 \$'000	2013 \$'000
Held through subsidiaries						
*	Buildhome Pte. Ltd. (Singapore)	Property development	50	50	–	–
*	Phileap Pte. Ltd. (Singapore)	Property development	25	25	–	–
*	Unique Residence Pte. Ltd. (Singapore)	Investment holding	50	–	–	–
Held through joint venture company						
*	Fernvale Development Pte. Ltd. (Singapore)	Property development	20	–	–	–
					5,000	5,000

* Audited by Ernst & Young LLP, Singapore.

The Group's material investment in joint venture companies are summarised below:

	Group	
	2014 \$'000	2013 \$'000 (Restated)
Canberra Development Pte Ltd	41,564	43,311
Buildhome Pte. Ltd.	8,592	12,648
Other joint venture companies	174	3
	<hr/> 50,330	<hr/> 55,962

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

15. Joint venture companies (cont'd)

Summarised financial information in respect of the Group's material investments in joint venture companies, based on its FRS financial statements, and reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows:

Summarised balance sheet

	Canberra Development Pte Ltd		Buildhome Pte. Ltd.	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Cash and cash equivalents	3	1,802	673	812
Other current assets	10	10	127,132	126,194
Trade receivables	1,869	52	–	–
Current assets	1,882	1,864	127,805	127,006
Non-current assets	269,662	252,407	99	99
Total assets	271,544	254,271	127,904	127,105
Current liabilities	(48,373)	(29,849)	(110,718)	(101,809)
Non-current liabilities (excluding trade, other payables and provision)	(137,000)	(137,000)	(2)	–
Other non-current liabilities	(3,043)	(800)	–	–
Total non-current liabilities	(140,043)	(137,800)	(2)	–
Total liabilities	(188,416)	(167,649)	(110,720)	(101,809)
Net assets	83,128	86,622	17,184	25,296
Net assets excluding goodwill	83,128	86,622	17,184	25,296
Proportion of the Group's ownership	50%	50%	50%	50%
Group's share of net assets	41,564	43,311	8,592	12,648
Carrying amount of the investment	41,564	43,311	8,592	12,648

(In Singapore dollars)

15. Joint venture companies (cont'd)

Summarised statement of comprehensive income

	Canberra Development Pte Ltd		Buildhome Pte. Ltd.	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Revenue	9,001	17,944	–	2,981
Operating income/(expenses), net	(9,523)	(8,973)	(6,028)	(4,251)
Interest expense	(2,818)	(2,714)	(2,220)	(1,929)
(Loss)/profit before tax	(3,340)	6,257	(8,248)	(3,199)
Income tax (expense)/credit	(156)	(977)	136	(11)
(Loss)/profit after tax, representing total comprehensive (expense)/income	(3,496)	5,280	(8,112)	(3,210)

16. Amounts due from/to associated companies, joint venture companies and investee companies

	Group	
	2014	2013
	\$'000	\$'000
		(Restated)
Amounts due from associated companies	81,830	74,681
Amounts due from joint venture companies	84,839	33,500
Amounts due from investee companies	8,658	2,832
	175,327	111,013

Amounts due from/to associated companies, joint venture companies and investee companies are unsecured and are to be settled in cash. These amounts have no fixed terms of repayment and are expected to be repaid from 2016 to 2019.

Amounts due from associated companies amounting to \$28,442,000 (2013: \$18,249,000) are interest free and denominated in Thai Baht. Amounts due from associated companies amounting to \$53,388,000 (2013: \$56,432,000) are denominated in Singapore Dollars, and includes an amount of \$53,388,000 (2013: \$44,403,000) which bears interest ranging from 1% to 5.35% (2013: 5%) per annum.

Amounts due from joint venture companies of \$67,408,000 (2013: \$29,375,000) bear interest ranging from 2.3% to 5.75% (2013: 2.3% to 2.5%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

16. Amounts due from/to associated companies, joint venture companies and investee companies (cont'd)

Amounts due from investee companies of \$2,818,000 (2013: \$2,832,000) bear interest at 0.25% above the local banks' prime rate per annum. Amounts due from investee companies of \$5,625,000 (2013: \$Nil) are interest free.

17. Other investments

	Group	
	2014	2013
	\$'000	\$'000
Equity instruments (unquoted), at cost	218	218

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Group	
			2014	2013	2014	2013
			%	%	\$'000	\$'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
***	KAP Holdings (China) Pte. Ltd. (Singapore)	Investment holding	15	–	@	–
					218	218

* Audited by Messrs Cheong & Co.

** Audited by Ernst & Young LLP, Singapore.

*** Audited by Deloitte & Touche LLP, Singapore.

@ \$15 comprising 15 ordinary shares.

(In Singapore dollars)

18. Intangible assets

	Goodwill \$'000
Group	
Cost:	
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	175
Accumulated impairment:	
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	66
Net carrying amount:	
At 31 December 2013 and 31 December 2014	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
	2014 \$'000	2013 \$'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 2014	109
At 31 December 2013	109

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

18. Intangible assets (cont'd)

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 2014 and 2013 as the amount of discounted net cash inflows attributable to the CGU was in excess of the carrying amount of the goodwill.

19. Deferred tax assets/(liabilities)

Deferred tax assets/(liabilities) arose as a result of:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Deferred tax assets				
Differences in depreciation	–	8	–	8
Deferred tax liabilities				
Provisions	(159)	–	(159)	–

As at 31 December 2014, the Group had unutilised tax losses of approximately \$7,276,000 (2013: \$3,473,000) 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 (2013: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 42).

Unrecognised temporary differences relating to investments in associates

At the end of the reporting period, no deferred tax liability (2013: 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 \$11,000 (2013: \$142,000).

(In Singapore dollars)

20. Development properties

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
	(Restated)			
Cost of land	170,471	170,648	76,085	76,085
Interest capitalised	17,713	16,425	1,912	623
Development and related costs	51,146	45,816	4,522	913
	239,330	232,889	82,519	77,621
Attributable profit recognised	4,255	–	1,935	–
	243,585	232,889	84,454	77,621
Progress billings	(27,891)	(8,628)	(10,775)	(8,566)
	215,694	224,261	73,679	69,055
Provision for foreseeable losses	(5,000)	–	–	–
	210,694	224,261	73,679	69,055

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

Balance at beginning of year	–	–	–	–
Provision during the year	5,000	–	–	–
At end of year	5,000	–	–	–
Interest capitalised during the year	1,288	2,877	1,289	623

- (i) As at the end of financial year, borrowing costs of \$18,039,000 (2013: \$16,425,000), 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 2.39% to 2.51% (2013: 1.81% to 3.69%) per annum.
- (ii) Development properties amounting to \$209,016,000 (2013: \$209,656,000) under development have been pledged as security for bank loans (Note 29).
- (iii) As at 31 December 2014, the aggregate amount of costs incurred and recognised profits relating to agreements for which the Group recognises revenue using the percentage of completion method amounts to \$222,855,000 (2013 restated: \$218,222,000) and \$1,935,000 (2013 restated: \$Nil) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

20. Development properties (cont'd)

The development properties held by the Group (excluding associated companies/joint venture companies) as at 31 December 2014 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 (%)
iLiv@Grange at 74 Grange Road	100	Freehold	Apartment	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
Earlington at 30-31 Philbeach Gardens, London	100	Freehold	Apartment	15 apartment units	433	751	Completed in March 2014
Onze@Tanjong Pagar at 11 Kee Seng Street	100	Freehold	Commercial and residential	Proposed mixed development consisting of 56 residential units and 13 commercial units	1,373	5,572	Foundation stage (FY2018)

(In Singapore dollars)

21. Trade receivables

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
	(Restated)			
Trade receivables	177	306	–	1
Less: Allowance for impairment	(18)	(19)	–	–
	159	287	–	1

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

At beginning of year	19	19	–	–
Write-back during the year	(1)	–	–	–
Written off	–	–	–	–
At end of year	18	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 \$159,000 (2013: \$254,000) 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	
	2014	2013
	\$'000	\$'000
	(Restated)	
Trade receivables past due but not impaired:		
Lesser than 30 days	100	69
30 to 60 days	52	67
61 to 90 days	6	17
91 to 120 days	–	–
More than 120 days	1	101
	159	254

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

21. Trade receivables (cont'd)

Receivables that are impaired

	Group Individually impaired	
	2014 \$'000	2013 \$'000
Trade receivables – nominal amounts	18	19
Less: Allowance for impairment	(18)	(19)
	<u>–</u>	<u>–</u>

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.

22. Other receivables

	Group		Company	
	2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000
Deposits	2,013	5,754	–	714
Advances to non-controlling interests	4,314	–	–	–
Other receivables	2,343	285	3	23
	<u>8,670</u>	<u>6,039</u>	<u>3</u>	<u>737</u>

(In Singapore dollars)

**23. Amounts due from/to subsidiaries (non-trade)
Amounts due from related parties (trade)
Amounts due to related parties (non-trade)
Amounts due from/to joint venture companies (non-trade)**

These balances are unsecured, non-interest bearing and are repayable on demand except for amounts due from subsidiaries of \$167,782,000 (2013: \$84,865,000) and amounts due to subsidiaries of \$28,558,000 (2013: \$14,259,000) which bear interest at 4.50% (2013: 3.25%) per annum. These amounts are to be settled in cash.

	Company	
	2014	2013
	\$'000	\$'000
Amounts due from subsidiaries	224,166	133,914
Less: Allowance for impairment	(5,164)	(5,347)
	<u>219,002</u>	<u>128,567</u>

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

At beginning of year	(5,347)	(5,347)
Write-back during the year	183	–
At end of year	<u>(5,164)</u>	<u>(5,347)</u>

Receivables that are impaired

At the end of the reporting period, the Company has provided an allowance of \$5,164,000 (2013: \$5,347,000) for impairment of receivables from subsidiaries with a nominal amount of \$20,464,000 (2013: \$12,102,000). These subsidiaries have been suffering financial losses for the current and past financial years.

24. Fixed deposits

The weighted average effective interest rates as at 31 December 2014 for the Group and the Company were 0.32% (2013: 0.26%) and 0.32% (2013: 0.57%) respectively.

The fixed deposits of the Group and the Company have an average maturity of 40 days (2013: 57 days) and 41 days (2013: 47 days) respectively.

The Group's and Company's fixed deposits includes \$5,000,000 (2013: \$6,000,000) held under the Housing Developers' (Project Account) Rules 1985, withdrawals from which are specific to payments for expenditure incurred on specified projects.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

25. Cash and bank balances

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
	(Restated)			
Cash at bank	19,485	9,155	13,344	3,550

The Group's and Company's cash at bank includes \$810,000 (2013: \$1,011,000) held under the Housing Developers' (Project Account) Rules 1985, withdrawals from which are specific to payments for expenditure incurred on specified projects.

26. Trade payables

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

27. Other payables and accruals

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
	(Restated)			
Current portion:				
<i>Financial liabilities</i>				
Accrued operating expenses	3,919	2,369	2,026	1,665
Rental deposits received	1,029	1,066	1	–
Other deposits received	1	111	–	2
Other payables	72	1,013	5	16
	5,021	4,559	2,032	1,683
<i>Non-financial liabilities</i>				
Advance rental received	65	66	–	–
Deferred lease income	49	103	–	–
	5,135	4,728	2,032	1,683
Non-current portion:				
<i>Financial liabilities</i>				
Rental deposits received	1,025	960	–	–

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

(In Singapore dollars)

28. Short-term bank loans

In 2013, the Group's and Company's short-term loans were unsecured and bore interest at rates ranging from 1.5% to 1.8% above swap cost, bank's board rate or bank's cost of fund per annum during the year.

29. Bank term loans

Details of bank term loans are as follows:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
	(Restated)			
Secured	260,062	223,556	60,995	60,995
Repayable:				
– not later than 1 year	92,139	56,365	–	–
– 1 year through 5 years	167,923	167,191	60,995	60,995
	260,062	223,556	60,995	60,995

Terms loans are generally secured by:

- first legal mortgage over the investment properties, development properties and freehold property of the Group or Company;
- legal assignment of all sales and rental proceeds from the investment properties, development properties and freehold property;
- 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 1.50% to 3.0% (2013: 1.375% to 2.0%) 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% (2013: 2.0%) above bank's board rate per annum during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

30. Bonds

Bonds with a face value of \$75,000,000 were issued in 2013, are unsecured and are repayable in November 2015. The bonds bear interest at a fixed rate of 5.6% per annum.

Bonds with a face value of \$60,000,000 were issued in 2014, are unsecured and are repayable in June 2017. The bonds bear interest at a fixed rate of 5.9% per annum.

31. Share capital

	Group and Company			
	2014		2013	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Issued and fully paid ordinary shares:				
At beginning of year	268,615	58,803	223,846	58,803
Bonus share issue	–	–	44,769	–
At end of year	268,615	58,803	268,615	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.

32. Other reserve

	Group	
	2014 \$'000	2013 \$'000
Foreign currency translation reserve	(1,040)	(247)

(In Singapore dollars)

32. Other reserve (cont'd)

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.

	Group	
	2014	2013
	\$'000	\$'000
Balance at beginning of year	(247)	(1,474)
Foreign currency translation	(793)	1,227
Balance at end of year	(1,040)	(247)

33. Commitments

(a) *Operating lease commitments – as lessee*

As at 31 December 2014, 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 \$124,000 (2013 restated: \$124,000).

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

	Group	
	2014	2013
	\$'000	\$'000
		(Restated)
Future minimum payments		
– not later than 1 year	124	124
– 1 year through 5 years	97	220
	221	344

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

33. Commitments (cont'd)

(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	
	2014	2013
	\$'000	\$'000
		(Restated)
Lease payments receivable		
– not later than 1 year	7,096	9,328
– 1 year through 5 years	4,358	8,697
– after 5 years	522	696
	11,976	18,721

(c) *Finance lease commitments*

	Total minimum lease payments	Present value of payments	Total minimum lease payments	Present value of payments
	2014	2014	2013	2013
	\$'000	\$'000	\$'000	\$'000
Group				
Within one year	23	20	50	45
After one year but not more than five years	–	–	23	21
Total minimum lease payments	23	20	73	66
Less: Amounts representing finance charges	(3)	–	(7)	–
Present value of minimum lease payments	20	20	66	66

(In Singapore dollars)

33. Commitments (cont'd)

(c) *Finance lease commitments* (cont'd)

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% (2013: 1.88% to 4.33%) per annum.

	Total minimum lease payments	Present value of payments	Total minimum lease payments	Present value of payments
	2014 \$'000	2014 \$'000	2013 \$'000	2013 \$'000
Company				
Within one year	–	–	5	4
After one year but not more than five years	–	–	–	–
Total minimum lease payments	–	–	5	4
Less: Amounts representing finance charges	–	–	(1)	–
Present value of minimum lease payments	–	–	4	4

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% (2013: 1.88%) per annum.

(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	
	2014 \$'000	2013 \$'000
Commitment in relation to investment in jointly controlled entity	5,500	5,500

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

34. 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 \$760,000 (2013: \$153,000).

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
	(Restated)			
<i>Income</i>				
Interest income				
– subsidiaries	–	–	9,762	4,709
– associated companies	2,507	2,417	–	–
– joint venture companies	1,335	599	7	–
Management fees income				
– a joint venture company	2,096	2,096	2,000	2,000
– subsidiaries	–	–	776	662
– associated companies	534	592	–	–
– related party	43	42	–	–
Rental income from a subsidiary	–	–	110	1,380
<i>Expenses</i>				
Management fee paid to a subsidiary	–	–	576	504
Interest expenses – subsidiaries	–	–	3,796	2,862
– joint venture companies	188	–	–	–
– associated companies	615	–	–	–
Rental paid to related party	115	116	–	–

(In Singapore dollars)

34. Related party transactions (cont'd)

(b) *Compensation of key management personnel*

	Group	
	2014 \$'000	2013 \$'000
Short-term employee benefits	1,524	1,584
Central Provident Fund contributions	51	47
Other short-term benefits	78	78
	<u>1,653</u>	<u>1,709</u>
<i>Comprise amounts paid to:</i>		
- Directors of the Company	1,122	1,204
- Other key management personnel	531	505
	<u>1,653</u>	<u>1,709</u>

35. 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.

36. Contingencies

The Company has provided corporate guarantees to banks and financial institutions of \$624,789,000 (2013: \$546,937,000) for credit facilities (Notes 28 and 29) taken by its subsidiaries, joint venture companies, associated companies and investee companies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

37. 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	2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000
<i>Loans and receivables</i>					
Amounts due from associated companies, joint venture companies and investee companies	16	175,327	111,013	–	–
Trade receivables	21	159	287	–	1
Other receivables	22	8,670	6,039	3	737
Amounts due from subsidiaries (non-trade)	23	–	–	219,002	128,567
Amounts due from related parties (trade)	23	37	13	–	–
Amounts due from joint venture company (non-trade)	23	1,293	–	1,293	–
Fixed deposits	24	20,036	47,124	19,221	47,000
Cash and bank balances	25	19,485	9,155	13,344	3,550
		225,007	173,631	252,863	179,855
<i>Available-for-sale financial assets</i>					
Other investments	17	218	218	–	–

(In Singapore dollars)

37. Classification of financial instruments (cont'd)

		Group		Company	
	Note	2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000
Financial liabilities measured at amortised cost					
<i>Trade and other payables (current)</i>					
Trade payables	26	5,944	6,710	1,272	529
Other payables and accruals	27	5,021	4,559	2,032	1,683
Amounts due to subsidiaries	23	–	–	1,171	699
		10,965	11,269	4,475	2,911
<i>Other payables (non-current)</i>					
Other payables and accruals	27	1,025	960	–	–
Total trade and other payables		11,990	12,229	4,475	2,911
<i>Loans and borrowings (current)</i>					
Amounts due to subsidiaries	23	–	–	28,558	14,259
Lease obligations	33	20	45	–	4
Bond	30	75,000	–	75,000	–
Short-term bank loans	28	–	1,000	–	1,000
Bank term loans	29	92,139	56,365	–	–
		167,159	57,410	103,558	15,263
<i>Loans and borrowings (non-current)</i>					
Lease obligations	33	–	21	–	–
Amounts due to associated companies (non-trade)	23	36,079	–	–	–
Bonds	30	60,000	75,000	60,000	75,000
Bank term loans	29	167,923	167,191	60,995	60,995
Total loans and borrowings		431,161	299,622	224,553	151,258
Total finance liabilities measured at amortised cost		443,151	311,851	229,028	154,169

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

38. Fair value of assets and liabilities

(a) *Fair value hierarchy*

The Group categorises 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 (including amounts due from subsidiaries, related parties and joint venture company), current trade and other payables (including amounts due to subsidiaries) and accruals, short-term bank loans, current bank term loans and current bonds, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

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

Non-current bonds reasonably approximate their fair values as the fixed interest rates on these bonds approximate the market interest rates at the end of the reporting period.

(c) *Financial instruments carried at other than fair value*

The non-current amounts due from associated companies, joint venture companies and investee companies and non-current amounts due to associated companies have no fixed terms of repayment and are expected to be repaid from 2016 to 2019. The fair values of these amounts are not determinable, as the timing of the future cash flows arising from these amounts cannot be estimated reliably. However, the directors do not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be settled.

(In Singapore dollars)

38. Fair value of assets and liabilities (cont'd)

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

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

	Note	2014 \$'000		2013 \$'000	
		Carrying amount	Fair value	Carrying amount	Fair Value
Group					
Financial assets:					
Equity instruments, at cost	17	218	*	218	*
Financial liabilities:					
Obligations under finance leases	33	20	23	66	73
Company					
Financial liabilities:					
Obligations under finance leases	33	–	–	4	5

* Investment in equity instrument carried at cost (Note 17)

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 17) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

38. Fair value of assets and liabilities (cont'd)

(e) 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 2014 \$'000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements				
Investment properties:				
Retail and commercial	172,333	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.

	Carrying amount \$'000	Effect of reasonably possible alternative assumptions	
		Profit or loss \$'000	Other comprehensive income \$'000
31 December 2014			
Recurring fair value measurements			
Investment property:			
– Retail and commercial	172,333	5,170	–

(In Singapore dollars)

38. Fair value of assets and liabilities (cont'd)

(e) **Level 3 fair value measurements** (cont'd)

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

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 \$3,400,000 (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.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

39. 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 has an interest rate swap facility. 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

(In Singapore dollars)

39. Financial risk management objectives and policies (cont'd)

(a) **Credit risk** (cont'd)

Exposure to credit risk (cont'd)

- a nominal amount of \$624,789,000 (2013: \$546,937,000) relating to corporate guarantees provided by the Company to banks/ financial institutions on subsidiaries'/ joint ventures'/associated companies' credit facilities.

Credit risk concentration profile

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

At the end of the reporting period, 100% (2013: 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 50% (2013: 30%) of loans and borrowings (including bonds and overdrafts) should mature in the next one year period, and to maintain sufficient liquid financial assets and stand-by credit facilities with three different banks. At the end of the reporting period, approximately 39% (2013: 19%) of the Group's loans and borrowings (Note 37) will mature in less than one year based on the carrying amount reflected in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

39. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk* (cont'd)

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	Total \$'000
Group 2014				
Financial assets:				
Amounts due from associated companies, joint venture companies and investee companies	16	–	175,327	175,327
Trade receivables	21	159	–	159
Other receivables	22	8,670	–	8,670
Amounts due from related parties (trade)	23	37	–	37
Amounts due from joint venture company (non-trade)	23	1,293	–	1,293
Fixed deposits	24	20,106	–	20,106
Cash and bank balances	25	19,485	–	19,485
Total undiscounted financial assets		49,750	175,327	225,077
Financial liabilities:				
Trade payables	26	5,944	–	5,944
Other payables and accruals	27	5,021	1,025	6,046
Loans and borrowings		179,421	275,685	455,106
Total undiscounted financial liabilities		190,386	276,710	467,096
Total net undiscounted financial liabilities		(140,636)	(101,383)	(242,019)

(In Singapore dollars)

39. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk* (cont'd)

	Note	1 year or less \$'000	1 to 5 years \$'000	Total \$'000
Group				
2013 (Restated)				
Financial assets:				
Amounts due from associated companies, joint venture companies and investee companies	16	–	111,013	111,013
Trade receivables	21	287	–	287
Other receivables	22	6,039	–	6,039
Amounts due from related parties (trade)	23	13	–	13
Fixed deposits	24	47,557	–	47,557
Cash and bank balances	25	9,155	–	9,155
Total undiscounted financial assets		63,051	111,013	174,064
Financial liabilities:				
Trade payables	26	6,710	–	6,710
Other payables and accruals	27	4,559	960	5,519
Loans and borrowings		74,558	254,329	328,887
Total undiscounted financial liabilities		85,827	255,289	341,116
Total net undiscounted financial liabilities		(22,776)	(144,276)	(167,052)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

39. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk* (cont'd)

	Note	1 year or less \$'000	1 to 5 years \$'000	Total \$'000
Company 2014				
Financial assets:				
Other receivables	22	3	–	3
Amounts due from subsidiaries (non-trade)	23	226,552	–	226,552
Amounts due from joint venture company (non-trade)	23	1,293	–	1,293
Fixed deposits	24	19,287	–	19,287
Cash and bank balances	25	13,344	–	13,344
Total undiscounted financial assets		260,479	–	260,479
Financial liabilities:				
Trade payables	26	1,272	–	1,272
Other payables and accruals	27	2,032	–	2,032
Amounts due to subsidiaries	23	540	–	540
Loans and borrowings		114,328	123,202	237,530
Total undiscounted financial liabilities		118,172	123,202	241,374
Total net undiscounted financial assets/ (liabilities)		142,307	(123,202)	19,105

(In Singapore dollars)

39. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk* (cont'd)

	Note	1 year or less \$'000	1 to 5 years \$'000	Total \$'000
Company				
2013				
Financial assets:				
Trade receivables	21	1	–	1
Other receivables	22	737	–	737
Amounts due from subsidiaries (non-trade)	23	131,303	–	131,303
Fixed deposits	24	47,432	–	47,432
Cash and bank balances	25	3,550	–	3,550
Total undiscounted financial assets		183,023	–	183,023
Financial liabilities:				
Trade payables	26	529	–	529
Other payables and accruals	27	1,683	–	1,683
Amounts due to subsidiaries	23	700	–	700
Loans and borrowings		17,186	146,591	163,777
Total undiscounted financial liabilities		20,098	146,591	166,689
Total net undiscounted financial assets/ (liabilities)		162,925	(146,591)	16,334

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	
	2014	2013
	\$'000	\$'000
Financial guarantees	624,789	546,937

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

39. Financial risk management objectives and policies (cont'd)

(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 (2013: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been \$1,697,000 (2013: \$1,465,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

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				
2014				
<i>Floating rate</i>				
Bank term loans	29	92,139	167,923	260,062
2013 (Restated)				
<i>Floating rate</i>				
Short-term bank loans	28	1,000	–	1,000
Bank term loans	29	56,365	167,191	223,556
Company				
2014				
<i>Floating rate</i>				
Bank term loans	29	–	60,995	60,995
2013				
<i>Floating rate</i>				
Short-term bank loans	28	1,000	–	1,000
Bank term loans	29	–	60,995	60,995

(In Singapore dollars)

39. Financial risk management objectives and policies (cont'd)

(c) *Interest rate risk* (cont'd)

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.

(d) *Foreign currency risk*

The Group's foreign currency risk arises mainly from the Group's operations in Thailand, Australia 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"), Australian Dollar ("AUD"), 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	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Pound Sterling ("GBP")	18,229	1,284	14,848	–
Australian dollar ("AUD")	104	–	–	–
United States dollar ("USD")	11	8	11	7

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

39. Financial risk management objectives and policies (cont'd)

(d) *Foreign currency risk* (cont'd)

Sensitivity analysis for foreign currency risk

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

		2014		2013	
		Profit net of tax	Equity	Profit net of tax	Equity
		\$'000	\$'000	\$'000	\$'000
THB	- strengthened 3% (2013: 3%)	1	856	9	547
	- weakened 3% (2013: 3%)	(1)	(856)	(9)	(547)
AUD	- strengthened 3% (2013: 3%)	6	228	-	-
	- weakened 3% (2013: 3%)	(6)	(228)	-	-
GBP	- strengthened 3% (2013: 3%)	567	2,879	6	557
	- weakened 3% (2013: 3%)	(567)	(2,879)	(6)	(557)

40. 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 2014 and 31 December 2013.

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.

(In Singapore dollars)

40. Capital management (cont'd)

		Group	
	Note	2014 \$'000	2013 \$'000
Trade and other payables	37	11,990	12,229
Loans and borrowings	37	431,161	299,622
Less:			
Cash and bank balances and fixed deposits		(39,521)	(56,279)
Net debt		403,630	255,572
Equity attributable to owners of the Company		306,960	303,133
Capital and net debt		710,590	558,705
Gearing ratio		57%	46%

41. 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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

41. Segment information (cont'd)

31 December 2014

Revenue:

Sales to external customers	11,219	24,112	-	987	-		36,318
Inter-segment revenue	436	-	2,940	-	(3,376)	A	-
	11,655	24,112	2,940	987	(3,376)		36,318

Results:

Interest income	-	-	21,138	-	(16,166)	A	4,972
Interest expense	(1,622)	(2,705)	(20,840)	-	13,931	A	(11,236)
Gains from fair value adjustments of investment properties	3,400	-	-	-	-		3,400
Depreciation of fixed assets	(30)	-	(188)	-	-		(218)
Share of results of associated companies/joint venture companies	(1,137)	12,431	(5)	503	-		11,792
Segment profit/(loss) before tax	7,821	6,368	125	(877)	(3,553)	B	9,884

Assets:

Investment in associated companies/joint venture companies	42,182	24,397	-	27,773	-		94,352
Additions to non-current assets ¹	3,400	-	89	67,965	-		71,454
Segment assets	206,394	360,049	584,956	101,796	(481,617)	C	771,578
Segment liabilities	90,543	129,393	712,780	25,763	(513,648)	D	444,831

¹ Additions to non-current assets consist of additions to fixed assets and gains from fair value adjustments of investment properties.

(In Singapore dollars)

41. Segment information (cont'd)

31 December 2013 (Restated)

Revenue:

Sales to external customers
Inter-segment revenue

	Property investment \$'000	Property development \$'000	Corporate \$'000	Others \$'000	Elimination \$'000	Note	Consolidated \$'000
	11,634	3,373	-	58	-		15,065
	1,380	-	3,288	-	(4,668)	A	-
	13,014	3,373	3,288	58	(4,668)		15,065

Results:

Interest income
Interest expense
Dividend income
Gains from fair value adjustments of investment properties
Depreciation of fixed assets
Share of results of associated companies/joint venture companies
Segment profit/(loss) before tax

	62	63	13,228	-	(10,323)	A	3,030
	(2,861)	(470)	(10,278)	-	10,678	A	(2,931)
	-	-	-	593	-		593
	5,300	-	-	-	-		5,300
	(41)	(19)	(180)	-	-		(240)
	5,326	2,987	-	342	-		8,655
	16,606	515	2,740	345	(560)	B	19,646

Assets:

Investment in associated companies/joint venture companies
Additions to non-current assets¹
Segment assets
Segment liabilities

	46,537	15,868	-	15,694	-		78,099
	5,300	-	197	-	-		5,497
	176,005	317,763	359,410	12,995	(249,657)	C	616,516
	79,595	155,355	357,856	-	(279,419)	D	313,387

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

41. Segment information (cont'd)

Notes:

- A Inter-segment revenue, interest income and interest expense 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:

	2014 \$'000	2013 \$'000
Profit from inter-segment sales	(1,318)	(915)
Finance expenses	13,931	10,678
Finance income	(16,166)	(10,323)
	<u>(3,553)</u>	<u>(560)</u>

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

	2014 \$'000	2013 \$'000
Investment in subsidiaries	(51,772)	(32,220)
Investment in associates	20,859	3,461
Investment in joint venture	43,542	49,216
Intangible assets	109	109
Fixed assets	6,756	–
Development properties	(5,666)	(400)
Inter-company loans	(495,445)	(269,823)
	<u>(481,617)</u>	<u>(249,657)</u>

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

	2014 \$'000	2013 \$'000
Inter-company loans	(513,648)	(279,419)

(In Singapore dollars)

42. Dividend

	Group and Company	
	2014	2013
	\$'000	\$'000
<i>Declared and paid during the financial year:</i>		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2013: 1.30 cents (2012: 1.30 cents) per share	3,492	2,910
- Interim exempt (one-tier) dividend for 2014: 0.50 cents (2013: nil) per share	1,343	-
	<u>4,835</u>	<u>2,910</u>
<i>Proposed but not recognised as a liability as at 31 December:</i>		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2014: 0.60 cents (2013: 1.30 cents) per share	1,612	3,492
	<u>1,612</u>	<u>3,492</u>

43. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 31 March 2015.

综合全面收益表

截至2014年12月31日之财政年度

(以新元表示)

	注释	2014 \$'000	2013 \$'000 (调整后)
营业额	4	36,318	15,065
出售房地产成本		(19,837)	(3,193)
其他营业收入	5	3,151	3,733
人员费用	6	(4,347)	(3,394)
固定资产折旧及摊销		(218)	(240)
其他营业费用		(9,111)	(6,379)
经营业务利润	7	5,956	5,592
财务费用	8(a)	(11,236)	(2,931)
财务收入	8(b)	4,972	3,030
应占联营公司和合资企业收益		11,792	8,655
投资产业公允价值收益	12	3,400	5,300
可预见性发展物业亏损	20	(5,000)	-
税前利润		9,884	19,646
税项	9	(1,114)	(1,297)
本年税后利润		8,770	18,349
其他综合收入:			
外币折算		(793)	1,227
其他综合(费用)收入, 税后		(793)	1,227
年度综合收入总额		7,977	19,576
年度利润			
归属于:			
公司权益持有人		9,455	18,350
非控制性权益		(685)	(1)
		8,770	18,349

(以新元表示)

	注释	2014 \$'000	2013 \$'000 (调整后)
年度综合收入总额			
归属于：			
公司权益持有人		8,662	19,577
非控制性权益		(685)	(1)
		<u>7,977</u>	<u>19,576</u>
持续经营业务每股收益 (分)			
归属于公司权益持有人			
基本	10	3.52	6.83
摊薄	10	<u>3.52</u>	<u>6.83</u>

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

截至2014年12月31日之财政年度

(以新元表示)

注释	本集团			本公司		
	31.12.2014	31.12.2013	1.1.2013	31.12.2014	31.12.2013	
	\$'000	\$'000 (调整后)	\$'000 (调整后)	\$'000	\$'000	
非流动资产						
固定资产	11	68,291	455	498	161	206
投资产业	12	172,333	138,900	209,600	-	-
子公司	13	-	-	-	25,606	31,670
联营公司	14	44,022	22,137	16,755	-	-
合营公司	15	50,333	55,962	55,173	5,000	5,000
联营公司，合营公司和 其他投资应付欠款	16	175,327	111,013	103,428	-	-
其他投资	17	218	218	218	-	-
无形资产	18	109	109	109	-	-
递延税项资产	19	-	8	8	-	8
		510,630	328,802	385,789	30,767	36,884
流动资产						
发展产业	20	210,694	224,261	137,203	73,679	69,055
应收账款	21	159	287	241	-	1
其他应收账款	22	8,670	6,039	661	3	737
预付款项		574	835	34	19	307
子公司应付欠款 (非贸易)	23	-	-	-	219,002	128,567
关联方应付欠款 (贸易)	23	37	13	163	-	-
合营公司应付欠款(非 贸易)	23	1,293	-	80	1,293	-
定期存款	24	20,036	47,124	-	19,221	47,000
现金及银行结存	25	19,485	9,155	665	13,344	3,550
		260,948	287,714	139,047	326,561	249,217

(以新元表示)

		本集团			本公司	
	注释	31.12.2014 \$'000	31.12.2013 \$'000 (调整后)	1.1.2013 \$'000 (调整后)	31.12.2014 \$'000	31.12.2013 \$'000
流动负债						
应付账款	26	5,944	6,710	3,314	1,272	529
其他应付款项及应计项目	27	5,135	4,728	3,124	2,032	1,683
应付子公司款项 (非贸易)	23	-	-	-	29,729	14,958
应付合营公司款项 (非贸易)	23	-	-	1,700	-	-
应付关联方款项 (非贸易)	23	-	-	1,550	-	-
租赁负债	33	20	45	94	-	4
债券	30	75,000	-	-	75,000	-
短期银行贷款	28	-	1,000	34,705	-	1,000
定期银行贷款	29	92,139	56,365	3,740	-	-
银行透支		-	-	10,832	-	-
应交税费		1,407	1,367	1,663	-	85
		179,645	70,215	60,722	108,033	18,259
净流动资产		81,303	217,499	78,325	218,528	230,958
非流动负债						
其他应付款项及应计项目	27	1,025	960	1,034	-	-
租赁负债	33	-	21	66	-	-
应付联营公司款项 (非贸易)	16	36,079	-	-	-	-
债券	30	60,000	75,000	-	60,000	75,000
定期银行贷款	29	167,923	167,191	176,551	60,995	60,995
递延税项负债		159	-	-	159	-
		(265,186)	(243,172)	(177,651)	(121,154)	(135,995)
净资产		326,747	303,129	286,463	128,141	131,847

资产负债

截至2014年12月31日之财政年度

(以新元表示)

		本集团			本公司	
	注释	31.12.2014 \$'000	31.12.2013 \$'000 (调整后)	1.1.2013 \$'000 (调整后)	31.12.2014 \$'000	31.12.2013 \$'000
归属于本公司股权持有人的权益						
股本	31	58,803	58,803	58,803	58,803	58,803
股东出资	35	8,596	8,596	8,596	—	—
其他储备金	32	(1,040)	(247)	(1,474)	—	—
累计利润		240,601	235,981	220,541	69,338	73,044
		306,960	303,133	286,466	128,141	131,847
非控制性权益	13	19,787	(4)	(3)	—	—
总权益		326,747	303,129	286,463	128,141	131,847

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 17 March 2015, approximately 29.98% 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 17 MARCH 2015

(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⁾	18,364,110	6.84	108,383,220	40.35
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	770,000	0.29
6. Kim Seng Holdings 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
10. Tan Wei Min ⁽⁵⁾	–	–	15,000,000	5.58

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.
- ⁽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 770,000 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.
- ⁽⁵⁾ Tan Wei Min is deemed to be interested in the Shares held by Kim Seng Holdings Pte Ltd. Information on interests in Shares of the Company reflected herein is based the latest notice of interest of substantial shareholders in respect of interests in securities dated 7 February 2007 received by the Company; and the known dilutive effect of the bonus shares of 44,769,194 issued and paid up shares in the Company, which were allotted and issued on 3 September 2013. The Company has not received any further notification from Mr Tan Wei Min of any change in interest further to 7 February 2007.

STATISTICS OF SHAREHOLDERS

ANALYSIS OF SHAREHOLDINGS AS AT 17 MARCH 2015

Range of Shareholdings	Number of Shareholders	Percentage	Number of Shares	Percentage
1 - 99	6	0.76	37	0.00
100 - 1,000	17	2.15	10,212	0.00
1,001 - 10,000	230	29.08	1,189,394	0.44
10,001 - 1,000,000	519	65.61	35,070,208	13.06
1,000,001 and above	19	2.40	232,345,343	86.50
TOTAL	791	100.00	268,615,194	100.00

MAJOR SHAREHOLDERS AS AT 17 MARCH 2015

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	9.63
4	Raffles Nominees (Pte) Ltd	21,837,400	8.13
5	Toh Khai Cheng	18,364,110	6.84
6	Toh Gap Seng	14,723,370	5.48
7	Maybank Kim Eng Securities Pte Ltd	9,447,781	3.52
8	UOB Kay Hian Pte Ltd	6,584,500	2.45
9	Pang Heng Kwee	4,610,000	1.71
10	ABN Ambro Nominees Singapore Pte Ltd	4,000,000	1.49
11	Phillip Securities Pte Ltd	3,665,800	1.36
12	CIMB Securities (Singapore) Pte Ltd	3,325,500	1.24
13	DBS Nominees Pte Ltd	3,259,809	1.21
14	Ng Wee Chu	1,918,810	0.71
15	OCBC Securities Private Limited	1,550,833	0.58
16	Tan Su Lan @ Tan Soo Lung	1,480,000	0.55
17	Tan Swee Lang	1,253,790	0.47
18	Tan Hee Nam	1,042,800	0.39
19	Toh Bee Lian	1,039,590	0.39
20	United Overseas Bank Nominees Pte Ltd	945,800	0.35
		233,291,143	86.85

ANALYSIS OF WARRANTHOLDINGS AS AT 17 MARCH 2015

Range of Warrantholdings	Number of Warrantholders	Percentage	Number of Warrants	Percentage
1 - 99	1	0.15	18	0.00
100 - 1,000	171	25.60	124,283	0.28
1,001 - 10,000	386	57.78	1,529,681	3.42
10,001 - 1,000,000	101	15.12	8,043,339	17.98
1,000,001 and above	9	1.35	35,028,673	78.32
TOTAL	668	100.00	44,725,994	100.00

MAJOR WARRANTHOLDERS AS AT 17 MARCH 2015

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	Raffles Nominees (Pte) Ltd	3,139,600	7.02
5	Toh Khai Cheng	3,060,685	6.84
6	Toh Gap Seng	2,353,895	5.26
7	Cheng Wa Sing	1,896,400	4.24
8	Sim Seow Hua	1,174,000	2.62
9	Maybank Kim Eng Securities Pte Ltd	1,057,218	2.36
10	UOB Kay Hian Pte Ltd	885,000	1.98
11	OCBC Securities Private Limited	716,005	1.60
12	DBS Nominees Pte Ltd	687,268	1.54
13	Khoo Swee Kwang	480,000	1.07
14	Phillip Securities Pte Ltd	365,465	0.82
15	Ng Wee Chu	330,635	0.74
16	CIMB Securities (Singapore) Pte Ltd	227,200	0.51
17	Tan Swee Lang	208,965	0.47
18	Eng Koon Hock	180,000	0.40
19	Er Swee Long	178,000	0.40
20	Tan Hee Nam	173,800	0.39
		39,461,011	88.23

NOTICE OF ANNUAL GENERAL MEETING

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 Friday, 24 April 2015 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 2014 and the Directors' Reports and the Auditors' Report thereon. | Resolution 1 |
| 2. To declare a 1-tier tax exempt final dividend of 0.60 cents per share in respect of the financial year ended 31 December 2014. | Resolution 2 |
| 3. To approve Directors' fees of S\$207,000 for the financial year ended 31 December 2014. [2013: S\$207,000] | Resolution 3 |
| 4. To re-appoint Mr Toh Khai Cheng as a Director pursuant to Section 153(6) of the Companies Act, [Chapter 50] (the " Companies Act ") to hold office from the date of this annual general meeting of the Company (the " AGM ") until the next AGM provided that if Section 153 of the Companies Act is repealed by the Companies (Amendment) Act 2014 and cease to be in force prior to the date of the next AGM and unless Mr Toh Khai Cheng is subject to any requirement under any written law or applicable regulatory requirement which permits him to hold office only until the next AGM, he shall, subject to retirement by rotation in accordance with the Articles of Association of the Company, continue in this office of director beyond the next AGM and until he vacates the office pursuant to the Articles of Association of the Company.
<i>(See Explanatory Note)</i> | Resolution 4 |
| 5. To re-elect the following Directors who are retiring by rotation pursuant to Article 95(2) of the Company's Articles of Association:
(i) Toh Gap Seng
(ii) Tan Tiong Cheng | Resolution 5
Resolution 6 |
| 6. To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. | Resolution 7 |

SPECIAL BUSINESS

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

- | | |
|--|---------------------|
| 7. THAT pursuant to Section 161 of the Companies Act [Chapter 50] and in accordance with the listing rules of Singapore Exchange Securities Trading Limited (" SGX-ST "), authority be and is hereby given to the Directors to: | Resolution 8 |
|--|---------------------|

- (a)
 - (i) allot and issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, 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 shareholders of the Company (including shares to be issued in pursuant of instruments made or granted pursuant to this Resolution) does 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);
- (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 sub-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;

NOTICE OF ANNUAL GENERAL MEETING

- (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)*

8. To transact any other business

BY ORDER OF THE BOARD

LEE HO WAH / CHEW BEE LENG

Company Secretaries

Singapore
9 April 2015

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, if re-appointed continue to serve in these capacities if re-elected as a Director of the Company.

Pursuant to Section 153(6) of the Companies Act, Chapter 50 (the “**Companies Act**”), Mr Toh, if re-appointed as a Director of the Company, shall hold such office until the next annual general meeting of the Company (“**2016 AGM**”). The Companies (Amendment) Act 2014 which contains an amendment to repeal Section 153 of the Companies Act has been gazetted on 1 December 2014 but the effective date is not fixed yet. In the event, the Companies (Amendment) Act 2014 is effective before the date of 2016 AGM, Mr Toh shall continue to serve the Company in the office of Director beyond 2016 AGM until he vacates the office pursuant to the Articles of Association of the Company but shall be subject to retirement by rotation in accordance with the Articles of Association of the Company unless Mr Toh Khai Cheng is subject to any requirement under any written law or applicable regulatory requirement which permits him to hold office only until 2016 AGM.

Resolution 6

Mr Tan Tiong Cheng, Chairman of the Remuneration Committee, a member of the Audit Committee and a member of 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 2014 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)

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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 Friday, 24 April 2015 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 2014 and the Directors' Reports and the Auditors' Report thereon.		
2	To declare a 1-tier tax exempt final dividend of 0.60 cents per share in respect of the financial year ended 31 December 2014.		
3	To approve Directors' fees of S\$207,000 for financial year ended 31 December 2014.		
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 Toh Gap Seng retiring by rotation pursuant to Article 95(2) of the Company's Articles of Association.		
6	To re-elect Mr Tan Tiong Cheng 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 _____ 2015

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.



60 Sembawang Road
#01-02/03 Hong Heng Mansions
Singapore 779088
Telephone : (65) 6456 1188
Facsimile : (65) 6455 5478
www.heeton.com