Delivering Value

40 YEARS AND BEYOND

HEETON HOLDINGS LIMITED

ANNUAL REPORT 2015

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CORPORATE PROFILE

Heeton Holdings Limited (“喜敦控股有限公司”) was established in July 1976 and is currently listed on the mainboard of the Singapore Exchange.

Heeton is focussed on property development, property investment and hospitality. The Group has expanded its presence internationally from Singapore to United Kingdom, Thailand, Malaysia, Australia and Vietnam.

Heeton has a niche in developing distinctive and high quality residential properties in choice locations. Todate, the Group had completed about 30 projects both locally and overseas.

Heeton has formed strong partnerships with other established property developers to develop properties. More recently include, High Park Residences at Fernvale Road in Sengkang and an executive condominium development, Westwood Residences.

The strength in Heeton’s property development activities is supported by a stable portfolio of investment properties such as Sun Plaza, The Woodgrove, Tampines Mart as well as Adam House, a serviced office building in London.

Heeton’s hospitality segment has also expanded and its current portfolio include Hotel ibis Styles London Kensington in Earls Court, ibis Budget Bradford, ibis Hotel Gloucester and Holiday Inn Express Hotel Manchester in United Kingdom, as well as Mercure Hotel 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 as property development business, in Singapore and internationally.

Onze@ Tanjong Pagar Artist’s Impression

CHAIRMAN'S STATEMENT

> "WE BELIEVE OUR STRATEGIC ACQUISITIONS TO DATE WILL PROVIDE A STABLE LONG-TERM SOURCE OF RECURRING INCOME FOR THE GROUP."

DEAR SHAREHOLDERS,

FY2015 had been a challenging year. The Singapore property market continued to be subdued and showed no signs of significant improvements from FY2014. Increase in property loan interest rates and an uncertain global economy had also further affected the buyers' sentiments. As a result of these challenges, the Group's profitability has been affected, net profit for FY2015 decreased 47.4% from $8.77 million to $4.61 million.

For the past three years, Heeton had been concentrating on the strategy of growing its investment portfolio to build up recurring income as well as establishing the Group's footprints in overseas markets, and this strategy had continued into FY2015. We believe our strategic acquisitions to date will provide a stable long-term source of recurring income for the Group. Currently, the Group has businesses in Singapore, Thailand, United Kingdom, Australia and Vietnam.

PROPERTY DEVELOPMENTS

Without any imminent sign of relaxation of the cooling measures, Heeton had maintained a prudent approach in our business decisions in FY2015 whilst watching market sentiment closely for an opportune time to launch new projects in the pipeline.

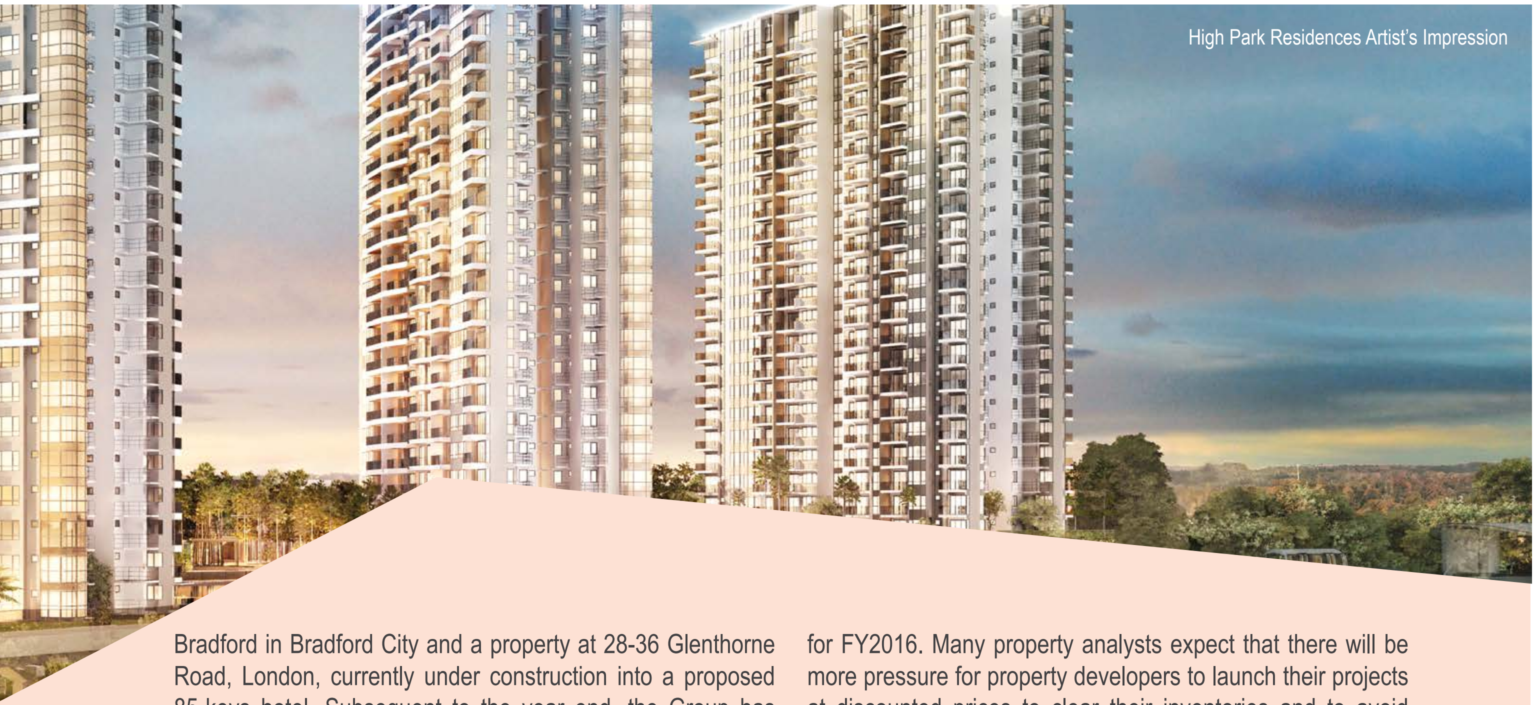
In May 2015, together with Koh Brothers Group Limited, the Group had launched Singapore's first bike-themed Executive Condominium ("EC") development, Westwood Residences, in Jurong West, Singapore. The 480-units 99-year leasehold project is the second EC to be launched in Jurong after 18 years.

Heeton had also launched another private condominium development project, High Park Residences, with Chip Eng Seng Corporation Ltd and KSH Holdings Limited in July 2015. While sales performances for the projects were expected to be modest in the current circumstances, High Park Residences' take up rate performed beyond expectations and was a huge success.

In July 2015, Heeton had led a consortium comprising of KSH Holdings Limited, Lian Beng Group Ltd and Ryobi Kiso Holdings Ltd to acquire a strategic parcel of land in Leeds, United Kingdom in FY2015. The prime location of the site will allow us to benefit from the ongoing urban regeneration plan in the city, which is backed by the local government and has attracted several prominent developments in recent years. Heeton foresees potential in the mixed-use development and expects it to contribute significantly to the Group in time to come.

INVESTMENT & HOSPITALITY PROPERTIES

The Group had acquired 2 new hotel properties in United Kingdom during the year – a 86-keys hotel, ibis Budget


High Park Residences Artist's Impression

Bradford in Bradford City and a property at 28-36 Glenthorne Road, London, currently under construction into a proposed 85-keys hotel. Subsequent to the year end, the Group has further expanded its hospitality portfolio with the acquisition of two more operating hotels, ibis Hotel Gloucester and Holiday Inn Express Hotel Manchester, both in United Kingdom. This brings the total number of operating hotels under Heeton to six, including the other three hospitality assets are Hotel ibis Styles London Kensington in Earls Court, Mercure Hotel Pattaya and Hotel Baraquda Pattaya, MGallery Collection, located in a popular tourist district in Pattaya, Thailand.

During the year, the Group has completed the renovation of Sun Plaza, a suburban mall located in Sembawang. The refurbishment was completed in May 2015 with more lettable space and increased rental yield and improved tenancy mix.

STRENGTHENING HEETON'S LEADERSHIP

A major milestone was achieved when the Group announced its new leadership structure on 28 December 2015. To break away from the limitations of a family-led outfit, the founders of Heeton had undertaken the major decision to further professionalise its leadership and management team by appointing the Group's first non-family CEO. This will strengthen the Group's management capabilities in order to tackle current challenges and achieve future sustainable growth.

Under this new structure, Mr. Toh Giap Eng, Vince has relinquished his duties as CEO and Managing Director to assume the role of Executive Deputy Chairman, providing the Group with more strategic guidance and assisting me in my duties.

The new CEO, Mr. Eric Teng Heng Chew has strong experience in the property and hospitality industry. Prior to joining Heeton, Mr. Eric Teng had held several top executive roles in Straits Trading Company Limited.

FORWARD LOOKING

In the face of an uncertain global economy, the Singapore property development market is expected to remain challenging for FY2016. Many property analysts expect that there will be more pressure for property developers to launch their projects at discounted prices to clear their inventories and to avoid extension charges.

Nonetheless, Heeton believes that this trough will pass and the industry will recover stronger than before. As such, the Group will continue to seek out property development and investment opportunities in both local and overseas markets.

The Group will continue to adopt a prudent approach in assessing each opportunity and work closely with its partners to jointly invest or develop suitable projects, leveraging on each other's capabilities to derive maximum value for each venture.

ACKNOWLEDGEMENT

Firstly, the Board of Directors and myself will like to take this opportunity to welcome Mr. Eric Teng to Heeton Group. We are confident that his invaluable experience will be of tremendous benefits to the Group and enable the Group to spread its wings further in its quest for new business opportunities.

The Group's previous Chief Operating Officer, Mr. Danny Low had retired on 29 February 2016 and we thank him for his 11 years of service to Heeton. We wish him all the very best in his future endeavors.

The Group will be celebrating its 40th anniversary in 2016 and I will like to thank the management team and esteemed employees for their sacrifice and hard work in contributing to the success of the Group. We will also like to express our gratitude to our shareholders, clients, and business partners for their continued support of Heeton.

TOH KHAI CHENG
Non-Executive Chairman

主席致辞

“我们相信至今所有策略性的收购将会为集团提供一个稳定长期的收入。”

亲爱的股东们，

2015财政年是具有挑战性的一年。新加坡房地产市场从2014财政年到今日仍然疲弱并且没有显著好转的迹象。房地产贷款利率的上涨以及全球经济的不稳定也对买家意向有进一步的影响。由于这些挑战，集团的盈利受到影响，2015财政年的净利润下降了47.4%，从877万降至461万。

在过去的3年，喜敦主要策略为增长投资组合以便提升稳定收入并且在海外市场建立足迹，这项策略一直延续到2015财政年。我们相信至今所有策略性的收购将会为集团提供一个稳定长期的收入。现阶段，集团的业务已遍布新加坡、泰国、英国、澳大利亚和越南。

房地产开发

在降温措施无任何放缓迹象的情况下，喜敦在2015财政年的商业决策中保持了谨慎态度，同时密切留意市场动态以便在适当时机推出新项目。

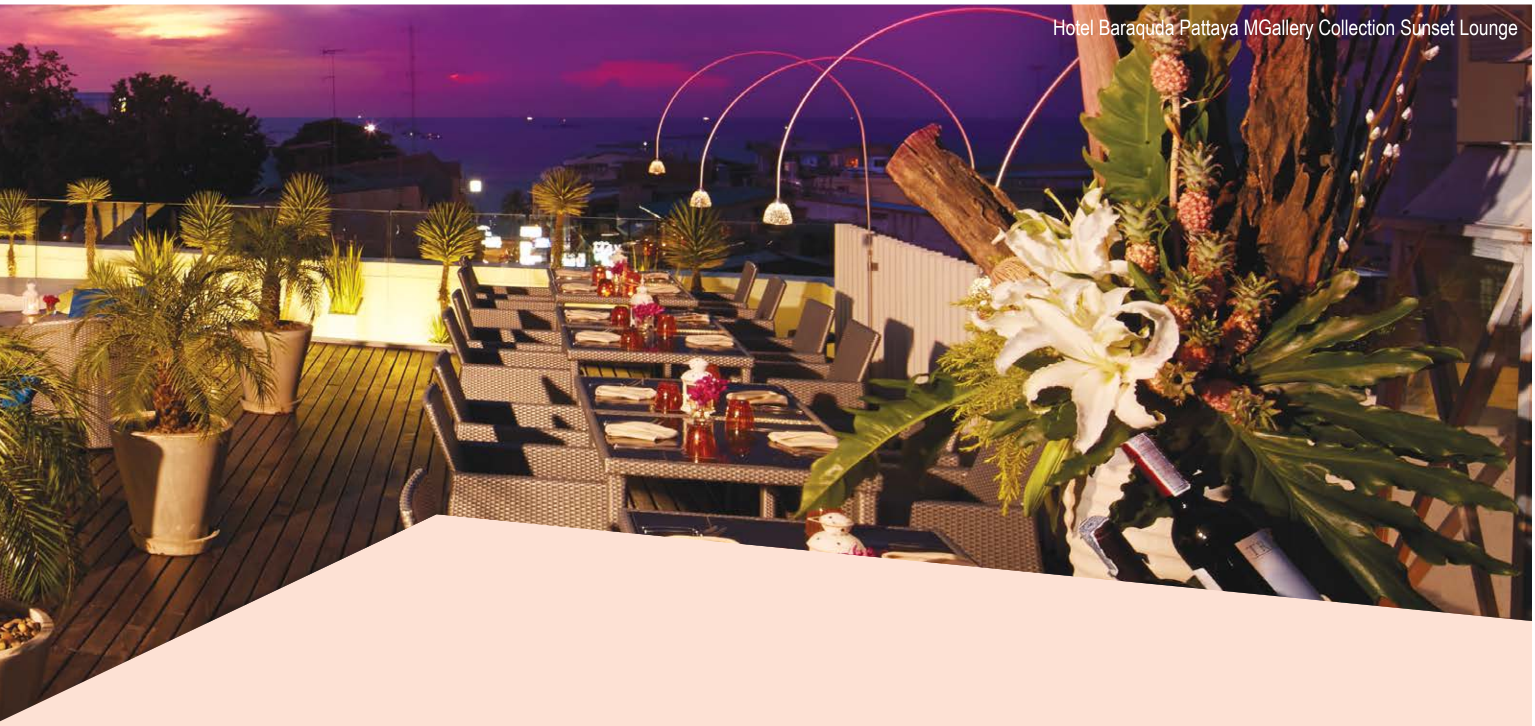
2015年5月，集团与许兄弟集团（Koh Brothers Group Limited）一同推出新加坡首个脚踏车主题的执行共管公寓，西林苑（Westwood Residences），坐落于新加坡裕廊西。这个99年地契、拥有480个单位的项目是裕廊区在近18年中所推出的第二个执行共管公寓。

喜敦也和集永成机构有限公司（Chip Eng Seng Corporation Ltd）以及金成兴控股有限公司（KSH Holdings Limited）在2015年7月推出另一个私人公寓发展项目，峰景苑（High Park Residences）。虽然销售表现预期会因现今坏境而较为温和，但峰景苑的认购率仍然超出原先的预测并取得巨大成功。

2015年7月，喜敦带领了一个由金成兴控股有限公司（KSH Holdings Limited）、联明集团有限公司（Lian Beng Group Ltd）、菱备基础控股有限公司（Ryobi Kiso Holdings Ltd）以及本集团所组成的合作团体，收购了在英国利兹（Leeds, United Kingdom）的一块策略性地段。该项目的优越位置能让合作团体从正在进行的城市改造计划中受益。此城市改造计划得到当地政府的支持并且在近几年里吸引了多个显赫的发展项目。喜敦看好这个综合项目的潜力而且预计此项目会在未来对集团有显著的贡献。

地产投资以及酒店业资产

在这一年中，集团在英国收购了2个新的酒店资产 – 一个拥有86间套房的酒店，布拉德福德宜必思快捷酒店（ibis Budget Bradford）坐落于布拉德福德市（Bradford City）以及位于伦敦，28-36 Glenthorne Road 的另一个资产。该伦敦资产正在兴建成一栋拥有85间套房的酒店。于年结之后，集团进一步的拓展了其酒店组合，添增了2家位于英国的营运酒店，格洛斯特宜必思酒店（ibis Hotel Gloucester）以及曼切斯特智选假日酒店（Holiday Inn Express Hotel Manchester）。这使得喜敦旗下的营运酒店数量增加至6家，另外其他3个酒店资产包括在英国伦敦伯爵阁（Earls Court）的伦敦宜必思尚品肯辛顿酒店


Hotel Baraquda Pattaya MGallery Collection Sunset Lounge

（Hotel ibis Styles London Kensington）以及坐落于泰国芭堤雅著名旅游景点区的芭堤雅美居酒店（Mercure Hotel Pattaya）和芭堤雅美憬阁巴拉克达酒店（Hotel Baraquda Pattaya, MGallery Collection）。

在这一年内，集团完成了位于三巴旺区的太阳广场（Sun Plaza）的翻新工程。这间市郊购物中心在2015年5月完成翻新工程，现拥有更多可出租面积，更高的租金收益率以及更理想的租户组合。

为喜敦领导团队添翼

在2015年12月28日，喜敦达成一个重大的里程碑，集团在其领导构架上做出前瞻性的调整。决心突破身为家族企业的局限，喜敦的创办人立下重大决策，任命集团有史以来的第一位“非家族”总裁。这项决定能更进一步的专业化喜敦的管理团队，加强企业领导能力，以便更有效的应对当前挑战和取得未来可持续的增长。

在新领导构架下，卓业荣先生，集团前首席执行官以及执行董事，将会被委任为喜敦的执行副主席。卓先生会为集团提供更多的战略指导并且在领导职责上协助本人。

喜敦的新任总裁，丁行洲先生，在房地产和酒店业拥有非常丰富的经验。在受雇于喜敦前，丁先生曾在新加坡海峡商行（Straits Trading Company Limited）担任多个高层管理职位。

展望

面对不确定的全球经济，新加坡房地产市场在2016财政年里将会继续面对种种的挑战。许多房地产分析员认为本地的发展商会面临更多压力而以较低价格来推出新项目。主要原因为他们必须清理库存以及避免延期费用。

尽管如此，喜敦相信这次市场的低谷会是暂时性的，一旦复苏必定比以前兴旺。秉持着这种信念，集团将会继续积极在本地和海外市场寻找具有潜能的发展和投资项目。

集团将继续对每个商机采取谨慎的评估。喜敦也会密切的与商业伙伴们共同投资或发展合适的项目，善用彼此的能力以为每个项目争取最大的利益。

答谢

首先，董事们和本人想借此机会欢迎丁行洲先生来到喜敦集团。我们都深信他的宝贵经验将会为集团带来巨大的收益并且能带领喜敦展翅高飞，寻求新的商机。

集团前首席运营官，刘易琼先生，已在2016年2月29日正式退休，集团的每一个成员都非常感激刘先生这11年来的无比付出，也祝福他在未来一切顺利。

集团将会在2016年欢庆成立40周年，我要感谢公司的管理团队以及喜敦的每一位员工，谢谢他们无限的牺牲和勤劳的奋斗，为集团达成更高的成就。我们也非常珍惜集团的股东，客户以及各个商业伙一直以来的支持，并在此献上我们由衷的感谢。

卓开清
非执行主席

CEO'S MESSAGE

Hotel ibis Styles London Kensington

> **"WHILE HEETON IS FOCUSING ON INCREASING ITS HOSPITALITY ASSETS WITHIN THE PROPERTY INVESTMENT PORTFOLIO, THE GROUP WILL ALSO CONSIDER OTHER OPPORTUNITIES IN DIFFERENT ASSET CLASSES."**

DEAR SHAREHOLDERS,

For the year under review, the Group's property development activities continued to be impacted by the weak Singapore property market, which had not been performing well coupled by the cooling measures in the last few years. As a result, the Group has taken a more cautious stance with less property development activities compared to previous years. Most of the property development activities are under our joint venture/ associated companies. Revenue recognition from these residential projects decreased by $10.70 million in FY2015.

On the other hand, revenue from investment properties and hotel operations in FY2015 increased by $7.26 million mainly due to Adam House a serviced office and Hotel ibis Styles London Kensington in London that commenced operations in 4Q2014. This is in line with Heeton's strategy of boosting its recurring income from property investments. In summary, the Group's revenue declined by 5.6% from $36.32 million a year ago to $34.29 million in FY2015.

PROFITABILITY

The Group's cost of properties had declined 49.6% to $10.00 million in FY2015 in line with lower revenue contribution from its residential projects.

Personnel expenses increased to $6.09 million due to increased headcount following the commencement of full operations in Adam House and Hotel ibis Styles London Kensington in London.

Similarly, other operating expenses increased to $11.79 million in FY2015 due to additional operating expenses of approximately $3.08 million incurred in FY2015 for Adam House and Hotel ibis Styles London Kensington as well as extension charges of $1.46 million for a residential project in FY2015. The increase in other operating expenses was offset by the absence of significant expenses that were recorded in FY2014, such as sales and marketing expenses of $2.31 million for residential projects - Onze@Tanjong Pagar and Earlington as well as expenses of $1.07 million incurred for the $60.0 million bond issued in the previous financial year.

The Group's second bond issue of $60.0 million in HY2014 as well as interest relating to loan for the properties acquired in the United Kingdom had resulted in a 44.9% increase in finance expenses, from $11.24 million in FY2014 to $16.29 million in FY2015.

Share of profits from associated companies and joint venture companies grew 193.5% from $11.79 million to $34.62 million, mainly attributed to a fair value gain of an investment property and higher progressive profit recognition from various residential projects.

The Group had made a provision of $29.08 million for foreseeable losses in a development property in FY2015. Taking into consideration of the above-mentioned, Heeton's net profit declined 47.4% to $4.61 million in FY2015.

STRENGTHENING ITS CAPITAL STRUCTURE

In October 2015, the Group had completed a 1-for-3 rights issue exercise. This strengthened the capital base of Heeton and allow it to get ready for the next phase of growth. The Group had raised a total of $27.82 million, which was used mainly for repayment of borrowings. With this recapitalization exercise, the Group's net asset value per share had decreased 8.3% to 104.82 Singapore cents in FY2015 from 114.28 Singapore cents in FY2014.

DIVIDENDS

Despite the weak and uncertain environment in the Singapore property development industry, the Board of Directors are proposing a final dividend of 0.60 Singapore cents per share. This is in appreciation of the confidence and trust, which shareholders have placed with the Group over the years.

DEVELOPMENT PROPERTIES

The Group had launched two joint venture development projects during the year. In May 2015, together with Koh Brothers Group Limited, Heeton launched its maiden EC project - Westwood Residences in Jurong West, Singapore. The 480 units development consists of two-bedrooms to five-bedrooms and is well located around lifestyle and education facilities as well as being well connected via roads and public transport.

In July 2015, Heeton had launched another private condominium development project, High Park Residences, with Chip Eng Seng Corporation Ltd and KSH Holdings Ltd. This is a 99-year property and comprises of 1390 residential and 9 commercial units. The project is situated right beside Thanggam LRT Station and is in close proximity to the nearby Fernvale Point and Seletar Mall.

As part of its international strategy, Heeton had acquired a site in Leeds, United Kingdom with its joint venture partners. The 2.45 acres site is strategically located near the Leeds City Centre and has over 1 million square feet of approved mixed-use development.

Development properties as at 31 December 2015 stood at $198.77 million, decreasing slightly from $210.69 million a year ago. This was mainly due to provision made for foreseeable losses of $29.08 million in one residential project, which was offset by the acquisition of the above-mentioned development property at New York Road, Leeds, United Kingdom.

INVESTMENT & HOSPITALITY PROPERTIES

In FY2015, the Group had continued its strategy of increasing its recurring income base. It had jointly acquired a freehold property at 28-36 Glenthorne Road, London, United Kingdom at approximately $31.32 million. Heeton is redeveloping the 25,700 square feet property into a hotel, consisting of approximately 85 rooms. The redevelopment is expected to be completed in end 2016, further increasing the revenue contribution from property investments.

In addition to the above acquisition, Heeton had added another three hotels - ibis Budget Bradford in December 2015, ibis Hotel Gloucester in January 2016 and Holiday Inn Express Hotel Manchester in March 2016, to its investment portfolio. The three hospitality assets will contribute to the Group's financial performance in the upcoming financial year.

The ibis Budget Bradford is an 86 bedroom hotel close to the centre of Bradford, 11 miles from the major metropolis of Leeds, and 49 miles from the City of Manchester, commonly regarded as the capital of the north of England. It is 20 minutes' drive from the hotel to the Leeds-Bradford International Airport.

ibis Hotel Gloucester was launched in 2010, with a total of 127 well-appointed twins and double bedrooms. Gloucester City is an established tourist destination famed for its magnificent Cathedral and the adjacent Cotswolds district, with its celebrated postcard-picturesque villages and well-established trekking routes.

Holiday Inn Express Hotel Manchester is a modern and contemporary hotel located in the heart of the Manchester City Centre Oxford Road. The 147 stylish and contemporary bedrooms hotel, is managed by the InterContinental Hotel Group.

Heeton stable of investment properties include Sun Plaza, The Woodgrove, Tampines Mart and 223@Mountbatten as well as Adam House, a serviced office building in London.

OUTLOOK

Entering into FY2016, the short term outlook for the Singapore property market remains weak and uncertain. Other than tackling the existing challenges faced by both the Singapore property industry and Heeton itself, the Group will be proactively seeking development opportunities both in the local and international market.

While Heeton is focusing on increasing its hospitality assets within the property investment portfolio, the Group will also consider other opportunities in different asset classes. Heeton will explore its options and further optimize yields from its property investments to fully harness the full potential of the Group's portfolio.

WORDS OF APPRECIATION

In my first message to you as CEO of Heeton, I am humbled by this opportunity to be able to lead the management and staff of Heeton.

I will like to thank the Chairman, Executive Deputy Chairman and Board of Directors for their confidence in me, my management team and all staff of Heeton for their commitment and pursuit of excellence. I look forward to working closely with each of you.

To our shareholders and business partners, thank you for showing faith in Heeton in the last 40 years. I sincerely hope that you will continue to support Heeton as we enter into the next phase of growth.

ERIC TENG HENG CHEW
Chief Executive Officer and Executive Director

总裁致辞

“喜敦的策略集中在地产投资组合中增加更多酒店业资产，同时集团也会考虑不同资产类别的其他投资机会。”

尊敬的各位股东，

回顾这一年，新加坡房地产市场表现疲弱，加上过去几年降温措施的持续影响，使得集团的房地产发展活动放缓。因此，集团采取了更谨慎的态度，与往年相比房地产发展活动有所减少。大多的房地产发展活动都是由合资或联营公司进行。2015财政年，住宅项目的收入确认下降了1,070万。

另一方面，投资资产以及酒店业务的收入在2015财政年增加了726万，主要来自于在2014财政年第4季度开业的一栋服务办公楼，Adam House和伦敦宜必思尚品肯辛顿酒店（Hotel ibis Styles London Kensington）。这与喜敦从投资资产增加稳定收入的策略相符合。综上所述，集团的收入下降了5.6%，从去年的3,632万跌至2015财政年的3,429万。

盈利

随着住宅项目收入的减少，集团的相应销售成本下滑49.6%至2015财政年的1,000万。

人力开支因为在伦敦的Adam House和伦敦宜必思尚品肯辛顿酒店（Hotel ibis Styles London Kensington）开始全面运作而增加了609万。

同样的，其他经营费用在2015财政年增加至1,179万，主要来自于Adam House和伦敦宜必思尚品肯辛顿酒店（Hotel ibis Styles London Kensington）所添加的其他经营费用以及在2015财政年为其中一个住宅项目所支付的146万延期费用。其他经营费用的增加因为没有一些在2014财政年所记载的显著开支如住宅项目- Onze@ Tanjong Pagar和Earlington的231万营销支出以及2014财政年发行6000万债券的107万相关开支而有所抵消。

集团在2014财政年上半年所发行第2次的6000万债券以及与在伦敦收购资产的贷款利息促使财务支出增长44.9%，从2014财政年的1,124万升至2015财政年的1,629万。

应占联营公司及合资公司利润上涨了193.5%，从1,179万达3,462万。这主要是因为一个投资资产的公允价值增长和从多项住宅项目取得了更高的逐渐盈利确认。

集团在2015财政年为一个发展项目的可预见损失做出2,908万的预留款项。因为以上的种种因素，喜敦的净利润下降47.4%达2015财政年的461万。

加强资本结构

2015年10月，集团完成其1对3的供股发行活动。从而强化喜敦的资本基础并且为下一阶段的增长做好准备。集团筹集2,782万，主要用于贷款的偿还。随着这次的资本重组活动，集团的每股净资产从2014财政年的新币114.28分下降8.3%至2015财政年的新币104.82分。

股息

尽管新加坡房地产发展行业处在疲弱和不稳定的环境当中，董事会仍然提议派发每股新币0.60分的最终股息。这是为了感激各位股东多年以来给予集团的信心与信任。

房地产开发

本集团在这一年推出两个合资开发项目。2015年5月，集团与许兄弟集团（Koh Brothers Group Limited）推出集团的第一个执行共管公寓，西林苑（Westwood Residences），坐落于新加坡裕廊西。这个项目一共有480间单位，包括从两卧室至五卧室多种户型，周边的生活和教育设施齐全并且道路和公共交通四通八达。

2015年7月，喜敦和集永成机构有限公司（Chip Eng Seng

ibis Hotel Gloucester

Corporation Ltd）以及金成兴控股有限公司（KSH Holdings Limited）也推出了另一个私人公寓项目，峰景苑（High Park Residences）。这是一个99年地契的公寓，包括1,390间住宅单位和9间商业单位。地址位于丹甘轻轨站（Thanggam LRT Station）的旁边，并且非常靠近芬微坊（Fernvale Point）以及利达广场（Seletar Mall）。

沿续集团的国际化策略，喜敦与其合资伙伴在英国利兹（Leeds, United Kingdom）收购了一块地段。位于利兹市中心（Leeds City Centre），这块面积2.45英亩的优越地段可开发成超过1百万平方英尺的综合项目。

截至2015年12月31日，房地产开发资产总值为1.9877亿，从一年前的2.1069亿有些许下滑。这主要是因为一个发展项目的可预见损失而所做出的2,908万预留款项。相对的，上述在英国利兹（Leeds, United Kingdom ）New York Road所收购的发展资产抵消了房地产开发资产总值的减少幅度。

地产投资以及酒店业资产

2015财政年里，集团继续实行增加稳定收入的策略。喜敦以3,132万联合收购位于英国伦敦（London, United Kingdom），28-36 Glenthorne Road的一个永久地契资产。集团将把这个25,700平方英尺的资产重新发展成一座拥有85间套房的酒店。该项目预期在2016年底完成并且将为集团的地产投资收入做出正面贡献。

以上的收购之外，喜敦也添增了三个酒店 - 布拉德福德宜必思快捷酒店（ibis Budget Bradford）收购于2015年12月，格洛斯特宜必思酒店（ibis Hotel Gloucester）收购于2016年1月以及曼切斯特智选假日酒店（Holiday Inn Express Hotel Manchester）收购于2016年3月。这三间酒店将在接下来的财政年有助于本集团的财务业绩。

布拉德福德宜必思快捷酒店（ibis Budget Bradford）拥有86 间套房，位于布拉德福德市（Bradford City）的中心，距离主要都市利兹11英里及普遍被认为是英格兰北部首都的曼彻斯特市49英里。从酒店到利兹布拉德福德国际机场（the Leeds-Bradford International Airport）也只需20分钟车程。

格洛斯特宜必思酒店（ibis Hotel Gloucester）在2010年推出，一共有127 间设备齐全的双人套房和双床套房。

格洛斯特城（Gloucester City）是个著名的旅游胜地，以它的宏伟大教堂而闻名并且还有著名的科茨沃尔德地区（Cotswolds district）。这个地区有风景如画的村庄和完善的徒步路线。

曼切斯特智选假日酒店（Holiday Inn Express Hotel Manchester）是一间位于曼彻斯特市中心牛津路（Manchester City Centre, Oxford Road）的现代化和时尚酒店。拥有147间时髦的套房，这家酒店是由洲际酒店集团（InterContinental Hotel Group）管理。

喜敦的其他投资资产也包括太阳广场（Sun Plaza），The Woodgrove，Tampines Mart，223@Mountbatten 以及Adam House, 一栋坐落于伦敦的服务办公楼。

前景

迈入2016财政年，新加坡房地产市场前景在短期内会依然疲弱以及不明朗。除了应对新加坡房地产市场以及集团本身所存在的各种挑战，本集团也将会积极地在本地和国际市场寻找发展机会。

喜敦的策略集中在地产投资组合中增加更多酒店业资产，同时集团也会考虑不同资产类别的其他投资机会。集团也会积极探讨各种方案以便进一步优化地产投资的收益率以及充分实现其投资组合的最大潜力。

答谢之词

第一次以喜敦总裁的身份与各位股东交流，被赋予带领集团管理层和员工们的机会，我感到受宠若惊。

我要感谢主席，执行副主席和董事们给于本人的信任。 我也感谢我的管理团队和喜敦的所有工作人员， 谢谢他们对公司付出的承诺和追求卓越成绩的精神。我非常期待与每位一起密切合作。

股东和业务合作伙伴们，感谢您们在过去40年里给于喜敦无比的支持和信心。我真诚地希望各位能在未来继续支持喜敦，与我们一起携手跨入喜敦发展的新纪元。

丁行洲
总裁以及执行董事

BOARD OF DIRECTORS

MR TOH KHAI CHENG

Non-Executive Chairman

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

MR TOH GIAP ENG

Deputy Chairman, Executive 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 has held the position of CEO of the Group since December 2002 but has relinquished his duties as CEO and Managing Director and appointed as Executive Deputy Chairman of the Group with effect from 4 January 2016.

Mr Toh's new role and responsibilities are to identify and secure investment and development properties in new markets, explore and develop related or new products/businesses as well as assist the Chairman in the overall stewardship and governance of the Group.

Mr Toh started his career in the banking and finance industry and holds a Bachelor of Arts (Business), United Kingdom. Mr Toh and is also a member of the Nominating Committee.

MR ERIC TENG HENG CHEW

CEO, Executive Director

Mr Eric Teng joined the Group on 4 January 2016 as an Executive Director and CEO. Mr Teng's key areas of responsibilities are to manage all aspects of the Group's businesses, develop and strengthen the capabilities of the management and staff as well as implement the directions, strategies and plans of the Board.

Mr Teng has 30 years of experience in marketing, communications, property and hospitality and held senior appointments with MNC as well as both private and public listed companies. He is an active leader in the social service and charity sector and was conferred the Public Service Medal and Public Service Star by the Singapore Government. He is also an adviser to The Tecity Group and Tan Chin Tuan Foundation. Mr Teng holds a MBA from NUS Business School.

MR TOH GAP SENG

Non-Executive Director

Mr Toh was appointed as a Director of the Company on 10 February 1978. He has more than 30 years' experience in property development and investment business. Mr Toh is currently the executive Director of Hong Heng Co Private Limited.

MR CHEW CHIN HUA

Non-Executive, Independent Director

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

MR TAN TIONG CHENG

Non-Executive, Independent Director

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

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 the Chairman of the Nomination Committee and a member of the Remuneration Committee. He is currently an independent director of Amara Holdings Limited.

KEY MANAGEMENT

DEPUTY CHAIRMAN & EXECUTIVE DIRECTOR

Toh Giap Eng, **Vince**, is the Deputy Chairman of the Group. He is responsible for new markets investment and development and explore new products/ businesses and the overall stewardship and governance of the Group. 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 EXECUTIVE OFFICER & EXECUTIVE DIRECTOR

Eric Teng Heng Chew, is the newly appointed Chief Executive Officer of the Group with effect from 4 January 2016. He is responsible for management of the Group's business and implementation of the direction, strategies and plans of the Board. Prior to joining the Group, Eric was an Adviser since January 2014 to Straits Trading Company Limited ("STCL") and the CEO of the property division in STCL from January 2010 to December 2013. He was concurrently the CEO of the Hospitality division and Rendezvous Hospitality Group under STCL from January 2011 to December 2013.

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.

COUNTRY HEAD, UNITED KINGDOM AND EUROPE

Liu Chun Bong, **Edwin**, joined the Group in 2012. As a Country Head, he oversees property development and investment matters in the UK and Europe. Working closely with the Singapore head office, Edwin assists the executive board in identifying opportunities in the region. He manages the operation of the Heeton UK office in London and spearheads the implementation of development projects. Edwin is a Chartered Architect of the UK who has practiced for over 10 years in the UK and in South East Asia, he holds two Bachelor degrees in Architecture.

GENERAL MANAGER, HOSPITALITY (INTERNATIONAL)

Adrian Koh Seng Hui has worked in the field of international hotel investments since 1995. He joined Heeton as General Manager, Hospitality (International) in 2014 as part of an expansion programme following the Group's new strategic focus on hospitality. Adrian oversees the Group's hotel operational and reporting functions including integrating newly-acquired hotels into the Heeton portfolio. He has a law degree from Kings College London University. Prior to joining Heeton he worked for two other Singaporean PLCs representing their interests overseas.

MANAGER, HUMAN RESOURCE AND ADMINISTRATION

Eemin Loh Yi Xuan joined the Group in March 2001 as Personal Assistant to the Chief Executive Officer. In July 2010, she was promoted to Manager, Human Resource and Administration. She is responsible for formulating human resource and administration policies, overseeing payroll as well as staff welfare and development. Within the administration portfolio, she continues to hold the position of Personal Assistant to the Executive Deputy Chairman (formerly the Chief Executive Officer). Eemin holds a Graduate Diploma in Business Management from University of Bradford (UK) and Master of Social Science from Swinburne University of Technology (Australia).

PROPERTY PORTFOLIO

(A) PROPERTY DEVELOPMENTS AND LAND BANK (SINGAPORE)

Name of development	Location / Type of development	Tenure	Approximate total Gross Floor Area (sq m)	Residential Units	Shop Units	% sold as at 31 December 2015	Group's stake (%)	Launched / Expected Launch Date	Targeted Completion / Completion Date
Lincoln Suites	1/3 Khiang Guan Avenue, Off Newton Road / Residential	Freehold	16,826	175	N/A	94.3	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	9.953	53	N/A	32.1	50	July 2007	August 2011
Rezi26	5, 5A and 5B Lorong 26 Geylang Road / Residential	Freehold	6,925	106	N/A	100	10	October 2011	September 2015
Palacio	Lorong M Telok Kurau Road / Residential	Freehold	4,152	21	N/A	100	36	August 2012	December 2015
Sky Green	568 & 570 Macpherson Road / Residential	Freehold	13,907	176	N/A	97.7	40	October 2012	November 2015
NEWest	West Coast Way / Commercial and Residential	956 years from May 1928	25,148	136	141	93.5	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	44.0	12.25	August 2013	2016
iLiv@Grange	74 Grange Road / Residential	Freehold	4,362	30	N/A	-	100	Expression of interest in April 2015	October 2013
121C Whitley Road	121 Whitley Road / Residential	Freehold	2,108	9	N/A	-	30	2016	2016
Rezi 3Two	48-60 Lorong 32 Geylang Road Lorong 32 Geylang Road / Residential	Freehold	3.455	65	N/A	66.2	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	42	100%	September 2013	2018
Westwood Residences	180 to 196 Westwood Avenue / Residential	Leasehold term of 99 years from 14 April 2014	48,397	480	N/A	35.0	20	May 2015	2018
High Park Residences	40 Fernvale Road / Commercial and Residential	Leasehold term of 99 years from 8 August 2014	112,300	1,390	9	94.2	20	July 2015	2019

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 2015	Group's stake (%)	Launched / Expected Launch Date	Targeted Completion / Completion Date
Haus[23]	Ladprao 23 Road, Ladyarw (Bangsae-nuar) Bangkhen Bangkok Thailand / Residential	Freehold	17,214	236	N/A	75.4	48.99	September 2011	May 2014
Earlington	30-31 Philbeach Gardens, London, UK / Residential	Freehold	751	15	N/A	93.3	100	October 2012	March 2014
188 W Residences	186 Wickham Street Fortitude Valley, Queensland, Australia / Residential	Freehold	28,000	324	N/A	-	18.15	To be confirmed	To be confirmed
To be confirmed	New York Road, Leeds as registered at the Land Registry under title number WYK592211 / Hotel and Residential	Freehold	72,700	To be confirmed	To be confirmed	-	55.0	To be confirmed	To be confirmed

(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 2015 ($'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	7.7	100
Sun Plaza	30 Sembawang Drive / Retail and Commercial	Leasehold term of 99 years from 26 June 1996	14,573	131	322.0	50
223@ Mountbatten	223 Mountbatten Road / Commercial	15 years from 20 February 2012	10,447	90	47.0	16

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

Name of development	Location / Type of development	Tenure	Number of units	Fair value as at 31 December 2015 ($'mil)	Group's stake (%)
Mercure Hotel Pattaya	Pattaya, Thailand / Hotel	Freehold	247 hotel rooms	20.6	86.7
Hotel Baraquda Pattaya, MGallery Collection	Pattaya, Thailand / Hotel	Freehold	72 hotel rooms	15.3	38.98
Hotel ibis Style London Kensington	15 – 25 Hogarth Road,Kensington, London, United Kingdom / Hotel	Freehold	116 hotel rooms	54.0	80.0
Ibis Budget Bradford	Prince Court, Canal Road, Bradford, United Kingdom / Hotel	Freehold	86 hotel rooms	2.3	55.0
To be confirmed	28 - 36 Glenthorne Road, Hammersmith, London, W6 0LS / Hotel	Freehold	Proposed 85 rooms	30.8	60.0
29 Ranwell Lane	29 Ranwell Lane Fortitude Valley / Hotel	Freehold	Proposed 198 hotel rooms	6.4	70.0
Adam House	7 – 10 Adam Street, London, United Kingdom / Serviced office	Freehold	35 office units	31.1	75.0

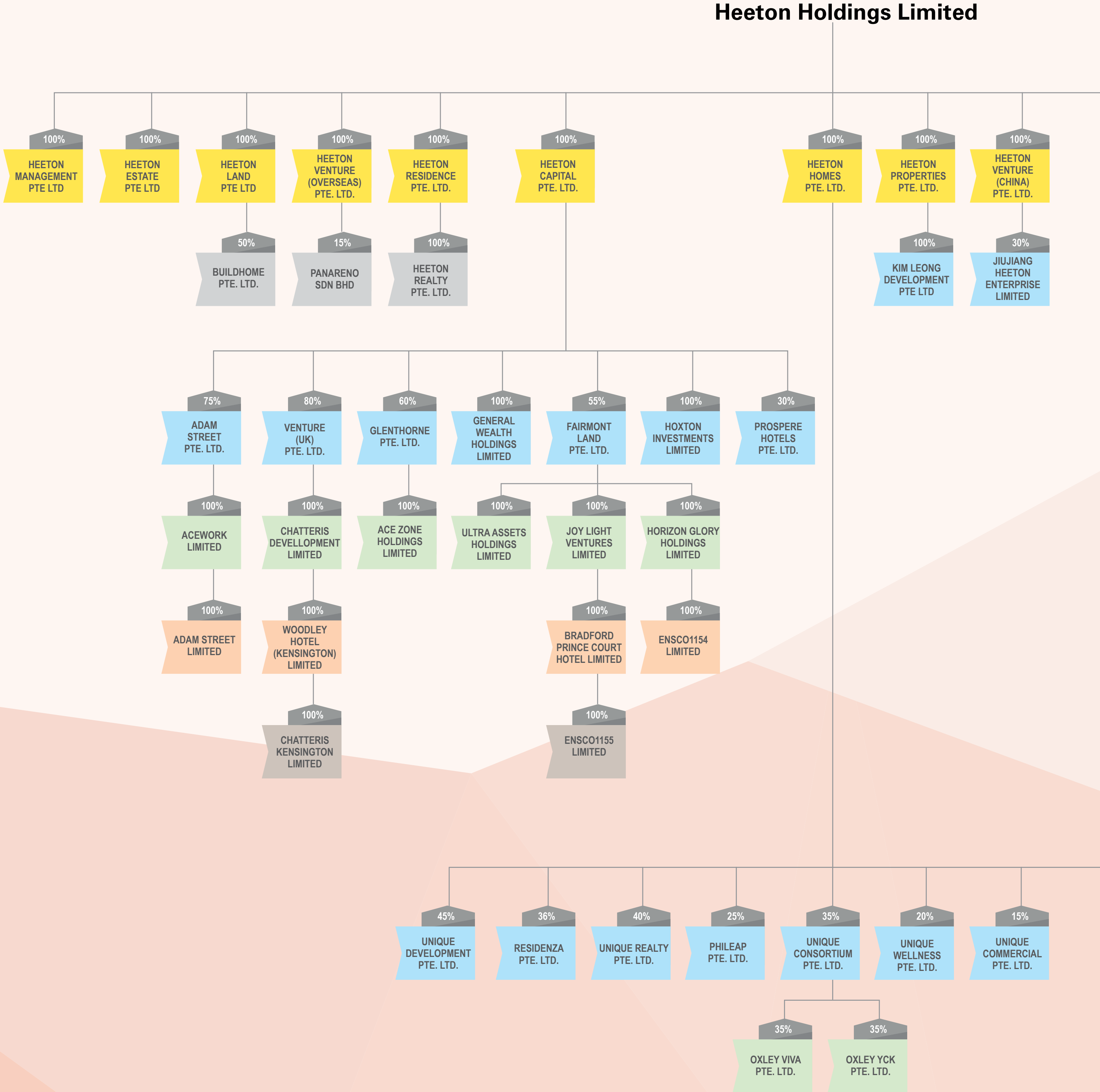
Sun Plaza Artist's Impression

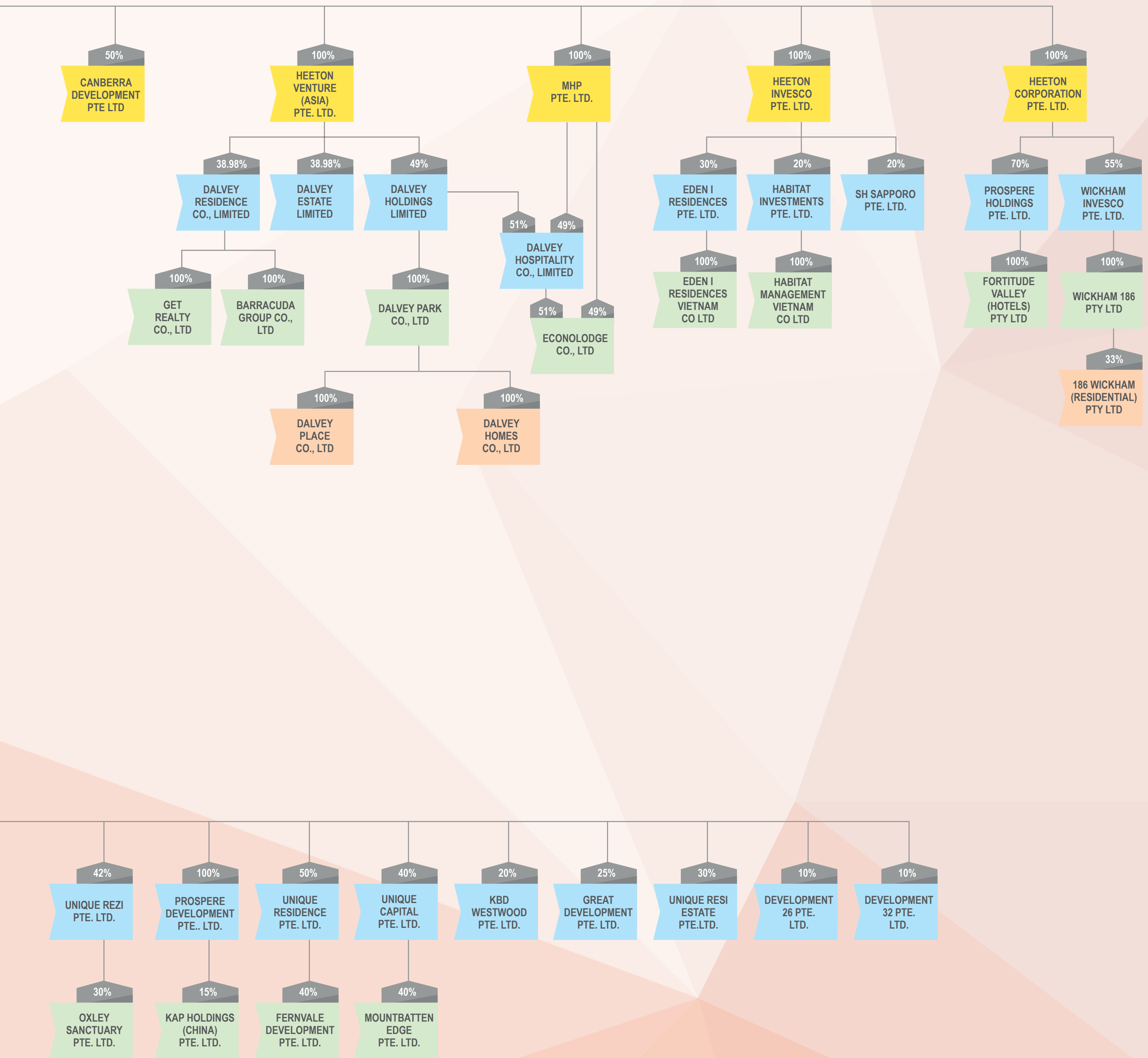

Adam House


High Park Residences Artist's Impression

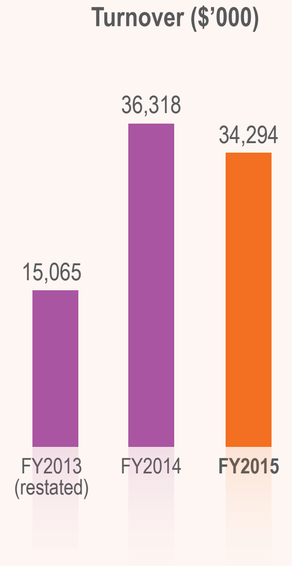
ibis Budget Bradford

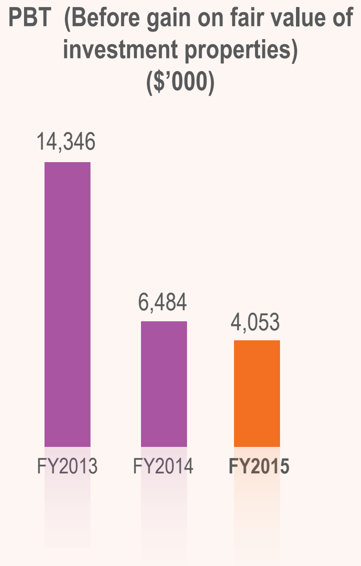
GROUP STRUCTURE

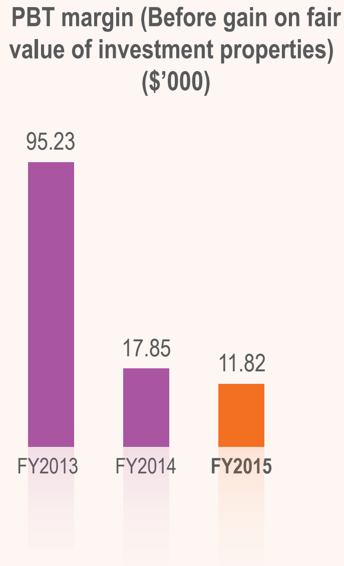


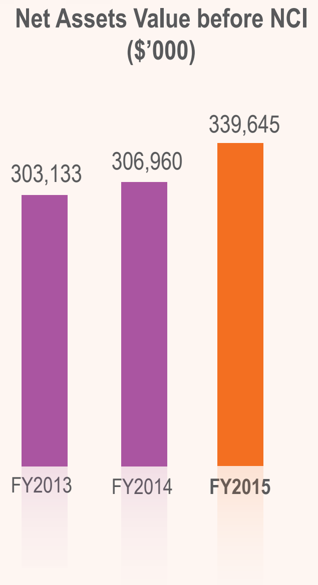

50%
CANBERRA DEVELOPMENT PTE LTD
100%
HEETON VENTURE (ASIA) PTE. LTD.
38.98%
DALVEY RESIDENCE CO., LIMITED
100%
GET REALTY CO., LTD
100%
BARRACUDA GROUP CO., LTD
38.98%
DALVEY ESTATE LIMITED
49%
DALVEY HOLDINGS LIMITED
100%
DALVEY PARK CO., LTD
100%
DALVEY PLACE CO., LTD
100%
DALVEY HOMES CO., LTD
100%
MHP PTE. LTD.
51%
49%
DALVEY HOSPITALITY CO., LIMITED
51%
49%
ECONOLODGE CO., LTD
100%
HEETON INVESCO PTE. LTD.
30%
EDEN I RESIDENCES PTE. LTD.
100%
EDEN I RESIDENCES VIETNAM CO LTD
20%
HABITAT INVESTMENTS PTE. LTD.
100%
HABITAT MANAGEMENT VIETNAM CO LTD
20%
SH SAPPORO PTE. LTD.
100%
HEETON CORPORATION PTE. LTD.
70%
PROSPERE HOLDINGS PTE. LTD.
100%
FORTITUDE VALLEY (HOTELS) PTY LTD
55%
WICKHAM INVESCO PTE. LTD.
100%
WICKHAM 186 PTY LTD
33%
186 WICKHAM (RESIDENTIAL) PTY LTD
42%
UNIQUE REZI PTE. LTD.
30%
OXLEY SANCTUARY PTE. LTD.
100%
PROSPERE DEVELOPMENT PTE.. LTD.
15%
KAP HOLDINGS (CHINA) PTE. LTD.
50%
UNIQUE RESIDENCE PTE. LTD.
40%
FERNVALE DEVELOPMENT PTE. LTD.
40%
UNIQUE CAPITAL PTE. LTD.
40%
MOUNTBATTEN EDGE PTE. LTD.
20%
KBD WESTWOOD PTE. LTD.
25%
GREAT DEVELOPMENT PTE. LTD.
30%
UNIQUE RESI ESTATE PTE.LTD.
10%
DEVELOPMENT 26 PTE. LTD.
10%
DEVELOPMENT 32 PTE. LTD.

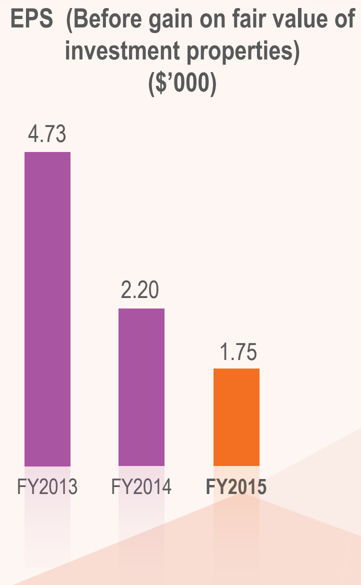
FINANCIAL HIGHLIGHTS

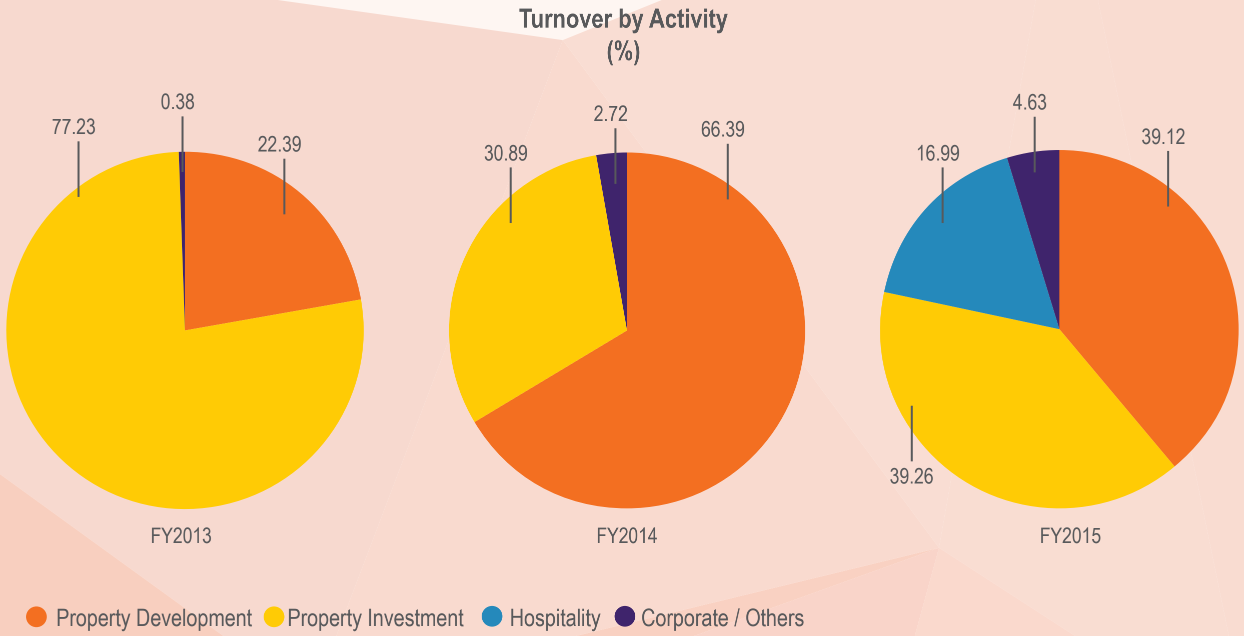












CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive

Toh Giap Eng (Deputy Chairman)

Eric Teng Heng Chew (Chief Executive 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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PROXY FORM

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 full year 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 Constitution. 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.

Table 1: Attendance of Directors, who held office at the end of the financial year, at Board and Board Committee Meetings held in FY2015

	Board Meetings		**Nominating Committee Meetings**		**Remuneration Committee Meetings**		**Audit Committee Meetings**	
Name of Director	No. held	No. attended	No. held	No. attended	No. held	No. attended	No. held	No. attended
Toh Khai Cheng	4	4	-	-	2	2	4	4
Toh Giap Eng	4	3	2	2	-	-	-	-
Toh Gap Seng	4	4	-	-	-	-	-	-
Low Yee Khim	4	4	-	-	-	-	-	-
Chew Chin Hua	4	4	2	2	-	-	4	4
Tan Tiong Cheng	4	4	2	2	2	2	4	4
Chia Kwok Ping	4	4	2	2	2	2	-	-

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. As part of their continuing education, the Directors may attend relevant seminars and trainings which will be funded by the Company.

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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, Deputy Chairman and Mr Teng Heng Chew, Chief Executive Officer ("CEO") 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.

The Non-Executive Directors of the Company contribute to the Board processes by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternate perspectives to the Group's business and they bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities.

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 2015	Non-executive	Not applicable
Toh Giap Eng	Member of Nominating Committee	1 July 1996/ Not applicable[(1)]	Executive	Retirement by rotation pursuant to Article 95[(2)]
Low Yee Khim	-	3 October 2005/ 24 April 2014	Executive	Not applicable[(2)]
Teng Heng Chew	-	4 January 2016/ Not applicable	Executive	Retirement pursuant to Article 77
Toh Gap Seng	-	10 February 1978/ 24 April 2015	Non-executive	Not applicable
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, Member of Nominating Committee and Audit Committee	28 April 2009/ 24 April 2015	Non-executive/ Independent	Not applicable
Chia Kwok Ping	Chairman of Nominating Committee and Member of Remuneration Committee	15 October 2012/ 25 April 2013	Non-executive/ Independent	Retirement by rotation pursuant to Article 95(2)

(1) Toh Giap Eng was the Managing Director of the Company. Under Articles 84 and 95(2) of the Constitution, the Managing Director of the Company is not subject to retirement by rotation. Mr Toh Giap Eng relinquished his duties as Managing Director on 4 January 2016.

(2) Mr Low Yee Khim has resigned as Executive Director and Chief Operating Officer on 29 February 2016.

Role of Chairman, Deputy 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, Deputy Chairman and CEO in the Company are assumed by different individuals. The Chairman, Mr Toh Khai Cheng, is a non-executive Director. The executive Directors are, Mr Toh Giap Eng and Mr Teng Heng Chew, who also hold the office of Deputy Chairman and CEO respectively. There is a clear division of responsibilities between the Chairman, Deputy Chairman and CEO, which ensures a balance of power and authority as well as increased accountability at the top of the Company.

The CEO, has the executive responsibility to manage all aspects of the Group's businesses and implement the direction, strategies and plans of the Board. The roles and responsibilities of Deputy Chairman is to identify and secure investment and development properties in new markets, explore and develop related or new products/businesses and assist the Chairman in the overall stewardship and governance of the Group. The responsibilities of the Chairman working together with the Deputy Chairman, 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 Deputy Chairman are immediate family members and are non-independent directors, and the Deputy Chairman is part of the management team.

The Lead Independent Directors leads discussions with the other independent directors of the Company without the presence of the other Directors and the Lead Independent Director will provide feedback to the Chairman after such meetings.

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. all 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 the Constitution, 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 Constitution 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.

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 Board Committees 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 2015.

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 Constitution, 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) review and recommend 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 Deputy Chairman and CEO:

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

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

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

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 2015 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 S$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.

The remuneration of the key executives of the Group who are not Directors or CEO for the financial year ended 31 December 2015 is shown in the following bands:

Remuneration bands	Salary	Bonus	Fees	Total
	%	%	%	%
Below $250,000				
Eemin Loh Yi Xuan	79	21	-	100
Edwin Liu	79	21	-	100
Adrian Koh	79	21	-	100
Between $250,000 to $500,000				
Tan Hong Sien	70	30	-	100
Heng Lee Cheng	62	25	12	100

The Group currently only has 5 key executives who are not Directors or CEO. Key information regarding the key executives can be found under the Key Management section in this annual report.

Currently the Company does not have an employee share option scheme.

Immediate Family Member of Director

The remuneration of Toh Giap Eng, Deputy Chairman who is the son of Toh Khai Cheng and brother of Toh Gap Seng, has been disclosed above. Other than Toh Giap Eng, 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 Company provides shareholders with quarterly and annual financial statements within the timeframe in line with Listing Manual of SGX-ST. In presenting the annual and quarterly financial statements to shareholders, the Board aims to provide shareholders with a balanced, clear and understandable assessment of the Company and the Group's performance, position and prospects. 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 on a quarterly basis with such explanation and information as any Director may require, to enable the Directors to keep abreast, and make a balanced and informed assessment of the Group's financial performance, position and prospects.

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 and effectiveness of the Group's internal controls that address the Group's financial, operational and compliance and information technology controls and risks management systems. 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 and information technology controls risks, were adequate as at 31 December 2015. 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 management committee (the "Risk Management Committee") comprising of the Deputy Chairman, CEO 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 has many years of experience in the accounting and auditing profession. 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 2015, the AC has held 4 meetings. Details of members and their attendance at meetings are provided in Table 1.

The AC has written terms of reference approved by the Board. The AC performs the following functions in accordance with its terms of reference:

- Reviews the audit plans of the internal and external auditors of the Company and review internal auditors' evaluation of the adequacy of the Company's internal system of accounting controls and the assistance given by the management to the external and internal auditors;
- Reviews the quarterly and full year financial results, annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the Board;
- Reviews effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- Meets with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviews the cost effectiveness and the independence and objectivity of the external auditors;
- Reviews the nature and extent of non-audit services provided by the external auditors;
- Recommends to the Board the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit;
- Reports actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate; and
- 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 Deputy Chairman. 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 shareholders of the Company (other than a shareholder who is a relevant intermediary) may to appoint one or two proxies to attend and vote in their absence at general meetings of the Company. A shareholder who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the general meetings of the Company. 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.

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 2015.

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 2015.

DIRECTORS' STATEMENT

The directors are pleased to present their statement 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 2015.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, 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.

Directors

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

Toh Khai Cheng	–	Non-executive Chairman	
Toh Giap Eng	–	Executive Deputy Chairman	
Teng Heng Chew	–	Executive Director	(appointed on 4 January 2016)
Toh Gap Seng	–	Non-executive Director	
Chew Chin Hua	–	Independent Director	
Tan Tiong Cheng	–	Independent Director	
Chia Kwok Ping	–	Independent Director	

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

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

	Direct interest		Deemed interest	
Name of director	**1 January 2015**	**31 December 2015**	**1 January 2015**	**31 December 2015**
The Company				
Heeton Holdings Limited				
(Ordinary shares)				
Toh Khai Cheng [1]	18,364,110	22,084,392	108,383,220	144,510,959
Toh Giap Eng [2]	25,858,030	38,741,249	67,390,920	89,854,559
Toh Gap Seng [3]	14,723,370	17,768,370	360,000	770,000
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 89,854,559 ordinary shares held by Heeton Investments Pte Ltd and the 54,656,400 shares held by Hong Heng Company Private Limited.

(2) Toh Giap Eng is deemed to be interested in the 89,854,559 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.

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2016.

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.

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 reviews carried out by the internal auditor;
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited (SGX-ST)'s Listing Manual.

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

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

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 Executive Deputy Chairman	Teng Heng Chew Executive Director

Singapore
1 April 2016

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

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 38 to 122, which comprise the balance sheets of the Group and the Company as at 31 December 2015, 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 financial statements 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.

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 financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, 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 subsidiary corporations 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

1 April 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

	Note	2015 $'000	2014 $'000
Revenue	4	34,294	36,318
Cost of properties sold		(10,001)	(19,837)
Other operating income	5	3,008	3,151
Personnel expenses	6	(6,087)	(4,347)
Depreciation of fixed assets		(506)	(218)
Other operating expenses		(11,785)	(9,111)
Profit from operations	7	8,923	5,956
Finance expenses	8(a)	(16,286)	(11,236)
Finance income	8(b)	5,881	4,972
Share of results of associated companies/joint venture companies		34,615	11,792
Gains from fair value adjustments of investment properties	12	600	3,400
Provision for foreseeable losses on development property	19	(29,080)	(5,000)
Profit before tax		4,653	9,884
Income tax expense	9	(43)	(1,114)
Profit for the year		4,610	8,770
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		626	(793)
Other comprehensive income/(expense) for the year, net of tax		626	(793)
Total comprehensive income for the year		5,236	7,977
Profit for the year			
Attributable to:			
Owners of the Company		5,651	9,455
Non-controlling interests		(1,041)	(685)
		4,610	8,770
Total comprehensive income for the year:			
Attributable to:			
Owners of the Company		6,476	8,662
Non-controlling interests		(1,240)	(685)
		5,236	7,977
Earnings per share attributable to owners of the Company (cents per share)			
Basic	10	1.96	3.43
Diluted	10	1.96	3.43

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

BALANCE SHEETS

AS AT 31 DECEMBER 2015

(In Singapore dollars)

	Note	Group		Company	
		2015	2014	2015	2014
		$'000	$'000	$'000	$'000
Non-current assets					
Fixed assets	11	105,242	68,291	95	161
Investment properties	12	173,980	172,333	–	–
Subsidiaries	13	–	–	25,583	25,606
Associated companies	14	64,689	44,022	–	–
Joint venture companies	15	64,091	50,330	5,000	5,000
Amounts due from associated companies, joint venture companies and investee companies	16	149,076	175,327	–	–
Other investments	17	218	218	–	–
Intangible assets	18	109	109	–	–
		557,405	510,630	30,678	30,767
Current assets					
Development properties	19	198,765	210,694	75,695	73,679
Trade receivables	20	538	159	120	–
Other receivables	21	7,275	8,670	8	3
Prepayments		2,620	574	26	19
Amounts due from subsidiaries (non-trade)	22	–	–	218,035	219,002
Amounts due from related parties (trade)	22	12	37	–	–
Amounts due from joint venture company (non-trade)	22	606	1,293	536	1,293
Amount due from joint venture company (trade)	22	341	–	–	–
Fixed deposits	23	6,099	20,036	5,934	19,221
Cash and bank balances	24	16,227	19,485	4,155	13,344
		232,483	260,948	304,509	326,561
Current liabilities					
Trade payables	25	8,046	5,944	2,112	1,272
Other payables and accruals	26	4,833	5,135	1,444	2,032
Amounts due to subsidiaries (non-trade)	22	–	–	35,981	29,729
Lease obligations	35	–	20	–	–
Bond	27	–	75,000	–	75,000
Short-term bank loans	28	4,000	–	4,000	–
Bank term loans	29	163,885	92,139	58,745	–
Income tax payable		935	1,407	728	–
Derivatives	32	23	–	–	–
		181,722	179,645	103,010	108,033
Net current assets		50,761	81,303	201,499	218,528

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

BALANCE SHEETS

AS AT 31 DECEMBER 2015

(In Singapore dollars)

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Non-current liabilities					
Other payables and accruals	26	1,150	1,025	–	–
Amounts due to associated companies and joint venture companies (non-trade)	16	38,273	36,079	15,508	–
Amounts due to non-controlling interests (non-trade)	30	25,230	–	–	–
Bonds	27	60,000	60,000	60,000	60,000
Bank term loans	29	142,197	167,923	–	60,995
Deferred tax liabilities	31	499	159	545	159
		(267,349)	(265,186)	(76,053)	(121,154)
Net assets		340,817	326,747	156,124	128,141
Equity attributable to owners of the Company					
Share capital	33	86,624	58,803	86,624	58,803
Other reserve	34	(215)	(1,040)	–	–
Retained earnings		253,236	249,197	69,500	69,338
		339,645	306,960	156,124	128,141
Non-controlling interests	13	1,172	19,787	–	–
Total equity		340,817	326,747	156,124	128,141

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 2015

(In Singapore dollars)

	Note	Attributable to owners of the Company					
		Share capital (Note 33)	Other reserve (Note 34)	Retained earnings	Total	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2014 (restated*)		58,803	(247)	244,577	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	43	–	–	(4,835)	(4,835)	–	(4,835)
Investment in new subsidiaries		–	–	–	–	20,476	20,476
At 31 December 2014 (restated*)		58,803	(1,040)	249,197	306,960	19,787	326,747
Balance at 1 January 2015		58,803	(1,040)	249,197	306,960	19,787	326,747
Issuance of ordinary shares		27,821	–	–	27,821	–	27,821
Profit for the year		–	–	5,651	5,651	(1,041)	4,610
Other comprehensive income							
- Foreign currency translation		–	825	–	825	(199)	626
Total comprehensive income for the year		–	825	5,651	6,476	(1,240)	5,236
Dividend on ordinary shares	43	–	–	(1,612)	(1,612)	–	(1,612)
Return of capital contribution to non-controlling interests		–	–	–	–	(17,375)	(17,375)
At 31 December 2015		86,624	(215)	253,236	339,645	1,172	340,817

* Previously an amount of $8,596,000 was classified as shareholders' contribution, a separate component within the Group's equity. This amount is now reclassified as part of Retained Earnings.

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 2015

(In Singapore dollars)

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Profit before tax		4,653	9,884
Adjustments:			
Depreciation of fixed assets	11	506	218
Loss on disposal of fixed assets		898	–
Fair value loss on derivatives	7	23	–
Share of results of associated companies/joint venture companies		(34,615)	(11,792)
Gains from fair value adjustments of investment properties	12	(600)	(3,400)
Provision for foreseeable losses on development property	20	29,080	5,000
Interest expense	8(a)	16,286	11,236
Interest income	8(b)	(5,881)	(4,972)
Unrealised exchange differences		1,181	(462)
Total adjustments		6,878	(4,172)
Operating cash flows before changes in working capital		11,531	5,712
Changes in working capital:			
(Increase)/decrease in development properties		(17,151)	8,567
(Increase)/decrease in trade receivables		(379)	128
Decrease/(increase) in other receivables		1,395	(2,631)
(Increase)/decrease in prepayments		(2,046)	261
Increase/(decrease) in trade payables		2,102	(766)
(Decrease)/increase in other payables and accruals		(177)	472
Increase/(decrease) in amounts due from related parties (trade)		25	(24)
Total changes in working capital		(16,231)	6,007
Cash flows (used in)/generated from operations		(4,700)	11,719
Interest received		5,881	4,972
Interest paid		(16,286)	(11,236)
Income taxes paid		(175)	(907)
Net cash flows (used in)/generated from operating activities		(15,280)	4,548

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 2015

(In Singapore dollars)

	Note	2015 $'000	2014 $'000
Cash flows used in investing activities			
Renovation of investment property		(553)	–
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)
Decrease/(increase) in amounts due from associated companies, joint venture companies and investee company		28,777	(29,791)
Purchase of fixed assets		(37,845)	(4,198)
Proceeds from liquidation of an associated company		200	–
Net cash flows used in investing activities		(9,421)	(111,931)
Cash flows from financing activities			
Dividends paid on ordinary shares by the Company	43	(1,612)	(4,835)
Proceeds from loans and borrowings		49,553	35,506
(Repayment of bond)/proceeds from bond issue		(75,000)	60,000
Repayment of lease obligations		(20)	(46)
Loans from non-controlling interests		6,764	–
Proceeds from issuance of ordinary shares, net of share issue expenses		27,821	–
Net cash flows generated from financing activities		7,506	90,625
Net decrease in cash and cash equivalents		(17,195)	(16,758)
Cash and cash equivalents at beginning of year		39,521	56,279
Cash and cash equivalents at end of year	A	22,326	39,521

A. Cash and cash equivalents

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

	Note	2015 $'000	2014 $'000
Fixed deposits	23	6,099	20,036
Cash and bank balances	24	16,227	19,485
Cash and cash equivalents at end of year		22,326	39,521

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

(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 in the tables 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 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 ***Standards issued but not yet effective***

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

Description	**Effective for annual periods beginning on or after**
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 27: *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to FRS 111: *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Improvements to FRSs (November 2014)	1 January 2016
Amendments to FRS 110 & FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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.

<u>FRS 115 *Revenue from Contracts with Customers*</u>

FRS 115 establishes a 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 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 when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 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.

(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*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

The Group currently measures its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group applies FRS 109.

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. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

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.

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

(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)*

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 2.13(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.

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

(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)*

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.

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.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 ***Joint arrangements (cont'd)***

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.

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.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 ***Fixed assets***

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

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 assets 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.

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.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 ***Construction contracts (cont'd)***

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

Contract costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract.

2.12 ***Development properties***

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

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

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

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

Net realisable value of development properties is the estimated selling price in the ordinary course of the business 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.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 ***Intangible assets (cont'd)***

Goodwill (cont'd)

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

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

2.14 ***Impairment of non-financial assets***

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

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

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

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

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

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 ***Financial instruments***

(a) *Financial assets*

Initial recognition and measurement

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

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

Subsequent measurement

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

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

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

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

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

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

(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 de-recognised.

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

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.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 ***Financial instruments (cont'd)***

(b) *Financial liabilities*

Initial recognition and measurement

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

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

Subsequent measurement

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

Derecognition

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

(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.

(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)*

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

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

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

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 and unpledged fixed deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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.

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.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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***

(a) *As lessee*

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

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

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

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24(III). Contingent rents are recognised as revenue in the period in which they are earned.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 ***Employee benefits***

(a) *Defined contribution plans*

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

(b) *Employment leave entitlement*

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

2.24 ***Revenue***

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

I *Sale of completed development property*

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

II *Sale of development property under construction*

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

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

(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.

(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)*

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

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

III *Rental income*

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

IV *Hotel operation income*

Income from hotel operations is recognised when goods are delivered or services are rendered to customers.

V *Interest income*

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

VI *Rendering of services*

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

VII *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.

(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.

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.

(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 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.

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 42, 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.

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 ***Contingencies***

A contingent liability is:

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

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

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

2.29 ***Government grants***

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

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;

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.30 *Related parties (cont'd)*

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

(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); or

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

2.31 *Transfers between levels of the fair value hierarchy*

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

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 investments and financial assets*

The Group follows the guidance of FRS 39 on determining when an investment or financial asset is other-than-temporary impaired. This determination requires significant judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost; and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The carrying amount of financial assets at the end of the reporting period is disclosed in Note 38 to the financial statements.

(In Singapore dollars)

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

3.1 Key sources of estimation uncertainty (cont'd)

(b) *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 2015. 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 2015 was $173,980,000 (2014: $172,333,000).

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 $5,219,000 (2014: $5,170,000) higher.

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

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

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

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

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

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.

(In Singapore dollars)

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

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

(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 $29,080,000 (2014: $5,000,000).

(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 income tax payable and deferred tax liabilities at 31 December 2015 was $935,000 (2014: $1,407,000) and $499,000 (2014: $159,000) 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.

(In Singapore dollars)

4. REVENUE

	Group	
	2015	2014
	$'000	$'000
Revenue from sale of development properties (recognised on completed contract basis)	941	17,121
Revenue from sale of development properties (recognised on percentage of completion basis)	12,476	6,991
Total revenue from sale of development properties	13,417	24,112
Rental and related income from investment properties	13,463	11,219
Hotel operation income	5,826	943
Management fees income	1,588	44
	34,294	36,318

5. OTHER OPERATING INCOME

	Group	
	2015	2014
	$'000	$'000
Forfeiture of deposits	15	30
Tentage and other rental	207	212
Management fees income from associated companies and joint venture companies	2,603	2,770
Others	183	139
	3,008	3,151

6. PERSONNEL EXPENSES

	Group	
	2015	2014
	$'000	$'000
Salaries and bonuses	5,584	3,893
Central Provident Fund contributions	359	327
Other staff costs	144	127
	6,087	4,347

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

(In Singapore dollars)

7. PROFIT FROM OPERATIONS

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

	Group	
	2015	**2014**
	$'000	$'000
Audit fees paid to:		
- auditors of the Company	205	173
Non-audit fees paid to:		
- auditors of the Company	81	74
- other auditors	37	21
Directors' remuneration		
- directors of the Company	1,164	1,122
- directors of subsidiaries	317	253
Directors' fees		
- directors of the Company	408	399
- directors of subsidiaries	30	21
Building repairs and maintenance	1,144	976
Amortisation of prepayment of fees for extension of sales period of unsold units of a development property	1,456	–
Property tax	1,433	1,259
Sales and marketing expenses	317	2,300
Operating lease expenses	124	124
Fair value loss on derivatives	23	–

8. FINANCE EXPENSES/(INCOME)

	Note	Group	
		2015	**2014**
		$'000	$'000
(a) ***Finance expenses***			
Interest expense on:			
- bank loans		7,977	5,550
- bank overdrafts		42	48
- lease obligations		2	5
- bonds		7,096	6,266
- advances from associated companies/joint venture companies		1,299	650
- amounts due to non-controlling interests		1,547	–
- fair value adjustment on security deposits		94	5
		18,057	12,524
Less: Interest capitalised in development properties	19	(1,771)	(1,288)
		16,286	11,236
(b) ***Finance income***			
Interest income from loans and receivables:			
- fixed deposits		(91)	(161)
- loans to associated companies		(4,510)	(3,910)
- loans to investee companies		(492)	(141)
- loans to joint venture companies		(788)	(760)
		(5,881)	(4,972)

(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 2015 and 2014 are:

	Group	
	2015	**2014**
	$'000	$'000
Statement of comprehensive income:		
Current income tax:		
- Current year	(294)	1,400
- Over provision in respect of previous years	(3)	(453)
	(297)	947
Deferred income tax:		
- Origination and reversal of temporary differences	380	159
- (Over)/under provision in respect of previous years	(40)	8
	340	167
Income tax expense recognised in profit or loss	43	1,114

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 2015 and 2014 are as follows:

	2015	2014
Profit before tax	4,653	9,884
Taxation at statutory tax rate of 17% (2014: 17%)	791	1,680
Adjustments:		
Non-deductible expenses	781	1,732
Income not subject to taxation	(335)	(760)
Effect of tax rebate and partial tax exemption	(240)	(232)
Benefits from previously unrecognised tax losses	(1,479)	–
Deferred tax assets not recognised	6,402	1,007
Over provision in respect of previous years	(43)	(445)
Share of results of associated companies/joint venture companies	(5,885)	(2,005)
Tax losses not allowed to be carried forward	35	150
Others	16	(13)
Income tax expense recognised in profit or loss	43	1,114

(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.

For purposes of calculating basic and diluted loss per share, the weighted average number of ordinary shares was adjusted to take into account the effect arising from the renounceable rights issue undertaken by the Company in 2015 ("2015 Rights Issue") (Note 33). Earnings per share for the last financial year had been restated with the above adjustment.

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	
	2015	**2014**
	$'000	$'000
Profit for the year attributable to owners of the Company used in the computation of basic earnings per share and diluted earnings per share	5,651	9,455
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares outstanding during the year	288,150	268,615
Restatement adjustment for 2015 Rights Issue	–	7,199
Weighted average number of ordinary shares for basic earnings per share and diluted earnings per share computation	288,150	275,814

(In Singapore dollars)

11. FIXED ASSETS

	At valuation	At cost						
	Freehold properties $'000	**Plant and equipment** $'000	**Renovations** $'000	**Motor vehicles** $'000	**Equipment and fixtures** $'000	**Furniture and fittings** $'000	**Computers** $'000	**Total** $'000
Group								
Cost or valuation:								
At 1 January 2014	–	3,498	476	696	197	292	281	5,440
Additions	67,965	–	8	–	6	1	74	68,054
Disposal	–	–	–	–	–	–	(22)	(22)
At 31 December 2014 and 1 January 2015	67,965	3,498	484	696	203	293	333	73,472
Additions	37,482	202	12	–	–	101	48	37,845
Disposal	(894)	–	–	–	–	–	(8)	(902)
Elimination of accumulated depreciation on revaluation	(284)	–	–	–	–	–	–	(284)
Exchange differences	510	–	–	–	–	–	–	510
At 31 December 2015	104,779	3,700	496	696	203	394	373	110,641
Accumulated depreciation:								
At 1 January 2014	–	3,369	471	462	195	275	213	4,985
Charge for the year	–	30	4	129	2	6	47	218
Disposal	–	–	–	–	–	–	(22)	(22)
At 31 December 2014 and 1 January 2015	–	3,399	475	591	197	281	238	5,181
Charge for the year	284	45	4	100	2	24	47	506
Elimination of accumulated depreciation on revaluation	(284)	–	–	–	–	–	–	(284)
Disposal	–	–	–	–	–	–	(4)	(4)
At 31 December 2015	–	3,444	479	691	199	305	281	5,399
Net book value:								
At 31 December 2015	104,779	256	17	5	4	89	92	105,242
At 31 December 2014	67,965	99	9	105	6	12	95	68,291

(In Singapore dollars)

11. FIXED ASSETS (CONT'D)

	Renovations $'000	Equipment and fixtures $'000	Furniture and fittings $'000	Computers $'000	Motor vehicles $'000	Total $'000
Company						
Cost:						
At 1 January 2014	12	71	21	281	330	715
Additions	–	–	–	67	–	67
Disposal	–	–	(3)	(19)	–	(22)
At 31 December 2014 and 1 January 2015	12	71	18	329	330	760
Additions	–	–	–	48	–	48
Disposal	–	–	–	(8)	–	(8)
At 31 December 2015	12	71	18	369	330	800
Accumulated depreciation:						
At 1 January 2014	12	71	20	213	193	509
Charge for the year	–	–	–	46	66	112
Disposal	–	–	(2)	(20)	–	(22)
At 31 December 2014 and 1 January 2015	12	71	18	239	259	599
Charge for the year	–	–	–	44	66	110
Disposal	–	–	–	(4)	–	(4)
At 31 December 2015	12	71	18	279	325	705
Net book value:						
At 31 December 2015	–	–	–	90	5	95
At 31 December 2014	–	–	–	90	71	161

Revaluation of freehold properties

The Group engages Jones Lang Laselle, an independent valuer to determine the fair value of the freehold properties. The date of revaluation was 31 December 2014. Details of the valuation techniques and inputs used are disclosed in Note 39.

If the freehold properties were measured using the cost model, the carrying amounts would be as follows:

	Group 2015 $'000	Group 2014 $'000
Freehold properties at 31 December		
- Cost	105,063	67,965
- Accumulated depreciation	(284)	–
- Net carrying amount	104,779	67,965

(In Singapore dollars)

11. FIXED ASSETS (CONT'D)

Assets held under finance leases

As at 31 December 2015, the Group and Company had no fixed assets under finance leases (2014: motor vehicles with net book value of approximately $100,000 and $Nil respectively). Lease assets were pledged as security for the related finance lease liabilities. The finance leases were fully repaid during the year.

Assets pledged as security

The Group's 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	
				2015	2014	2015	2014
				$'000	$'000	$'000	$'000
(a) Tampines Mart (Block 5, 7, 9, 11 Tampines Street 32)	Shops	Leasehold	77 years	104,000	104,000	–	–
(b) The Woodgrove (30 Woodlands Avenue 1)	Shops	Leasehold	80 years	31,200	31,200	–	–
(c) 62 Sembawang Road	Transport facility	Freehold	Estate in perpetuity	7,700	7,100	–	–
(d) Adam House (7-10 Adam Street, London, United Kingdom)	Serviced office	Freehold	Freehold	31,080	30,033	–	–
				173,980	172,333	–	–

(In Singapore dollars)

12 INVESTMENT PROPERTIES (CONT'D)

The movement in investment properties is as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Balance sheet				
Balance as at beginning of year	172,333	138,900	–	–
Exchange differences	494	–	–	–
Additions	553	30,033	–	–
Gains from fair value adjustments recognised in statement of comprehensive income	600	3,400	–	–
Balance as at end of year	173,980	172,333	–	–

	Group	
	2015	**2014**
	$'000	$'000
Statement of comprehensive income:		
Rental income from investment properties:		
- Minimum lease payments	13,463	11,219
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	4,378	2,566

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

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2015 and 31 December 2014. The valuations were performed by CBRE Pte Ltd, Savills Valuation and Professional Services (S) 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 39.

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

(In Singapore dollars)

13 SUBSIDIARIES

(a) Investment in subsidiaries comprises:

	Company 2015 $'000	Company 2014 $'000
Unquoted equity shares, at cost	27,417	27,417
Less: Impairment losses	(1,834)	(1,811)
Carrying amount of investments	25,583	25,606
Movement of cost of investment:		
At beginning of year	27,417	33,481
Less: Reduction of investment resulting from voluntary liquidation of subsidiaries	–	(6,064)
At end of year	27,417	27,417
Movement of impairment losses:		
At beginning of year	1,811	1,811
Add: Impairment loss on investment in subsidiary	23	–
At end of year	1,834	1,811

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2015 %	Equity interest held by the Group 2014 %	Cost of investment by the Company 2015 $'000	Cost of investment by the Company 2014 $'000
Held by the Company						
*	Heeton Estate Pte Ltd (Singapore)	Property investment holding	100	100	22,962	22,962
**	Development 11KS Pte. Ltd. (Singapore)	Voluntarily liquidated	–	100	–	–
**	Market Holdings Pte Ltd (Singapore)	Voluntarily liquidated	–	100	–	–
*	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

(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	
		2015	2014	2015	2014
		%	%	$'000	$'000
Held by the Company (Cont'd)					
* Heeton Properties Pte. Ltd. (Singapore)	Investment holding and leasing agent	100	100	2,335	2,335
* Heeton Venture (Asia) Pte. Ltd. (Singapore)	Investment holding	100	100	–@	–@
* Heeton Venture (China) Pte. Ltd. (Singapore)	Investment holding	100	100	–@	–@
* Heeton Residence Pte. Ltd. (Singapore)	Property development and investment holding	100	100	1,000	1,000
* Heeton Homes Pte. Ltd. (Singapore)	Investment holding	100	100	–@	–@
* Heeton Capital Pte. Ltd. (Singapore)	Investment holding	100	100	–@	–@
* MHP Pte. Ltd. (Singapore)	Investment holding	100	100	–@	–@
* Heeton Invesco Pte. Ltd. (Singapore)	Investment holding	100	100	–@	–@
* Heeton Corporation Pte. Ltd. (Singapore)	Investment holding	100	100	–@	–@
* Kim Leong Development Pte Ltd (Singapore)	Dormant	100	100	–	–
* Heeton Realty Pte. Ltd. (Singapore)	Property development	100	100	–	–
* Prospere Development Pte. Ltd. (Singapore)	Investment holding	100	100	–	–
* Prospere Holdings Pte. Ltd. (Singapore)	Investment holding	70	70	–	–

(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 2015 %	Equity interest held by the Group 2014 %	Cost of investment by the Company 2015 $'000	Cost of investment by the Company 2014 $'000
	Held through subsidiaries					
**	Fortitude Valley (Hotels) Pty Ltd (Australia)	Property investment holding	70	70	–	–
*	Wickham Invesco Pte. Ltd. (Singapore)	Investment holding	55	55	–	–
**	Wickham 186 Pty Ltd (Australia)	Investment holding	55	55	–	–
*	Adam Street Pte. Ltd. (Singapore)	Investment holding	75	75	–	–
**	Zain Joy Holdings Limited (British Virgin Islands)	Voluntarily liquidated	–	100	–	–
**	General Wealth Holdings Limited (British Virgin Islands)	Property development	100	100	–	–
*	Venture (UK) Pte. Ltd. (Singapore)	Investment holding	80	80	–	–
**	Chatteris Development Limited (British Virgin Islands)	Investment holding	80	80	–	–
***	Woodley Hotels (Kensington) Limited (England & Wales)	Property investment holding	80	80	–	–
***	Chatteris Kensington Limited (England & Wales)	Hotel operation	80	80	–	–
**	Acework Limited (British Virgin Islands)	Property investment holding	75	75	–	–
**	Adam Street Limited (England & Wales)	Property management	75	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 2015 %	Equity interest held by the Group 2014 %	Cost of investment by the Company 2015 $'000	Cost of investment by the Company 2014 $'000
	Held through subsidiaries (cont'd)					
**	Ace Zone Holdings Limited (British Virgin Islands)	Property development and property investment holding	60	100	–	–
**	Hoxton Investments Limited (British Virgin Islands)	Property development and property investment holding	100	100	–	–
*	Glenthorne Pte. Ltd. (Singapore)	Investment holding	60	–	–	–
*	Fairmont Land Pte. Ltd. (Singapore)	Investment holding	55	–	–	–
**	Ultra Assets Holdings Limited (British Virgin Islands)	Property development and property investment holding	55	–	–	–
**	Horizon Glory Holdings Limited (British Virgin Islands)	Investment holding	55	–	–	–
**	Bradford Prince Court Hotel Limited (England & Wales)	Property investment holding	55	–	–	–
**	Ensco 1155 Limited (England & Wales)	Hotel operation	55	–	–	–
**	Joy Light Ventures Limited (British Virgin Islands)	Investment holding	55	–	–	–
					27,417	27,417

* Audited by Ernst & Young LLP, Singapore.
** Not required to be audited.
*** Audited by LB Group, London. With effect from 1 April 2016, audited by a member firm of EY Global.
@ $2 comprising two subscriber shares of $1 each.

(In Singapore dollars)

13. SUBSIDIARIES (CONT'D)

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

The Group has the following 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 2015:					
Chatteris Development Limited	British Virgin Islands	20%	(862)	(1,437)	–
Woodley Hotels (Kensington) Limited	England & Wales	20%	71	3,275	–
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.

(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

	Woodley Hotels (Kensington) Limited		Chatteris Development Limited		Acework Limited		Fortitude Valley (Hotels) Pty Ltd		Wickham 186 Pty Ltd	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current										
Assets	3,684	1,237	9,317	8,439	867	43	578	629	27	30
Liabilities	(9,807)	(8,911)	(40,531)	(35,123)	(13,808)	(67)	(6,745)	–	(4,550)	–
Net current (liabilities)/ assets	(6,123)	(7,674)	(31,214)	(26,684)	(12,941)	(24)	(6,167)	629	(4,523)	30
Non-current										
Assets	54,170	54,581	25,368	25,607	30,526	30,034	6,121	6,579	4,682	4,134
Liabilities	(25,690)	(25,296)	–	–	(17,431)	(29,686)	–	(7,228)	–	(4,273)
Net non-current assets/(liabilities)	28,480	29,285	25,368	25,607	13,095	348	6,121	(649)	4,682	(139)
Net (liabilities)/ assets	22,357	21,611	(5,846)	(1,077)	154	324	(46)	(20)	159	(109)
Revenue	2,342	–	–	–	1,004	326	–	–	–	–
Profit/(loss) before income tax	233	(1,389)	(4,309)	(782)	(177)	324	(28)	(20)	(15)	(108)
Income tax expense	–	–	–	–	–	–	–	–	–	–
(Loss)/profit after tax, representing total comprehensive (expense)/income	233	(1,389)	(4,309)	(782)	(177)	324	(28)	(20)	(15)	(108)
Other summarised information										
Net cash flows from operations	2,102	(1,389)	4,244	(782)	(16,270)	324	1,057	(20)	(279)	(108)
Acquisition of significant Property, plant and equipment	–	–	–	–	(492)	(30,033)	–	(6,579)	–	–

(In Singapore dollars)

14. ASSOCIATED COMPANIES

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

	Group 2015 $'000	Group 2014 $'000
Econolodge Co., Ltd	14,176	14,081
186 Wickham Street (Residential) Pty Ltd	3,739	3,772
Unique Development Pte. Ltd.	8,475	9,257
Unique Realty Pte. Ltd.	7,742	2,537
Unique Consortium Pte. Ltd.	12,958	3,845
Unique Rezi Pte. Ltd.	11,000	4,252
Other associates	6,599	6,278
	64,689	44,022

The Group has not recognised losses relating to certain associated companies where its share of losses exceeds the Group's interest in these associates. The Group's cumulative share of unrecognised losses at the end of the reporting period was $6,555,000 (2014: $4,627,000), of which $1,928,000 (2014: $349,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2015 %	Equity interest held by the Group 2014 %	Cost of investment by the Group 2015 %	Cost of investment by the Group 2014 %
	Held through subsidiaries					
##	Jiujiang Heeton Enterprise Ltd (China)	Dormant	30.00	30.00	4,101	4,101
##	KSH (China) Venture Pte. Ltd. (Singapore)	Struck-off	–	20.00	–	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

(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	
			2015	2014	2015	2014
			%	%	%	%
	Held through subsidiaries					
***	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
##	Unique Wellness Pte. Ltd. (Singapore)	Dormant	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	20.00	200	200
##	Imperial South East Asia Investment Pte. Ltd. (Singapore)	Struck-off	–	32.65	–	3
##	Great Development Pte. Ltd. (Singapore)	Dormant	25.00	25.00	–@@	–@@
##	186 Wickham Street (Residential) Pty Ltd (Australia)	Property development	33.00	33.00	3,834	3,834
####	Eden I Residences Pte. Ltd. (Singapore)	Investment holding	30.00	30.00	450	450

(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 2015 %	Equity interest held by the Group 2014 %	Cost of investment by the Group 2015 %	Cost of investment by the Group 2014 %
Held through subsidiaries						
####	Habitat Investments Pte. Ltd. (Singapore)	Investment holding	20.00	20.00	–@@@	–@@@
##	Prospere Hotels Pte. Ltd. (Singapore)	Investment holding	30.00	–	–@@@@	–
##	SH Sapporo Pte. Ltd. (Singapore)	Investment holding	20.00	–	–@@@@@	–
Held through Dalvey Holding Co., Ltd						
**	Dalvey Park Co., Ltd (Thailand)	Investment holding	48.99	48.99	–	–
Held through Dalvey Residence Co., Ltd						
**	G.E.T. Realty Co. Ltd (Thailand)	Property development and property investment holding	38.98	38.98	–	–
**	Barracuda Group Co., Ltd (Thailand)	Hotel operation and property investment holding	38.98	38.98	–	–
Held through Dalvey Park Co., Ltd						
**	Dalvey Place Co., Ltd (Thailand)	Property development and property investment holding	48.99	48.99	–	–
**	Click Development Co., Ltd (Thailand)	Property development and property investment holding	–	48.99	–	–
**	Dalvey Homes Co., Ltd (Thailand)	Property development	48.99	48.99	–	–

(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	
			2015	2014	2015	2014
			%	%	%	%
	Held through Unique Consortium Pte. Ltd.					
#	Oxley Viva Pte. Ltd. (Singapore)	Property development	12.25	12.25	–	–
#	Oxley YCK Pte. Ltd. (Singapore)	Property development	12.25	12.25	–	–
	Held through Unique Rezi Pte. Ltd.					
#	Oxley Sanctuary Pte. Ltd. (Singapore)	Property development	12.60	12.60	–	–
	Held through Unique Capital Pte. Ltd					
***	Mountbatten Edge Pte. Ltd. (Singapore)	Property investment holding	16.00	16.00	–	–
					24,287	24,490

*	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 agreed terms in the shareholders agreement that the Group does not have control.
@@	$1 comprising one subscriber share.
@@@	$200 comprising 200 shares.
@@@@	$30 comprising 30 shares.
@@@@@	$20 comprising 20 shares.

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

	Group	
	2015	2014
	$'000	$'000
Profit or loss after tax from continuing operations	772	3,497
Other comprehensive income	–	–
Total comprehensive income	772	3,497

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.	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current assets	2,019	2,104	5,915	4,637	33,657	67,781	56,756	89,739	55	34	73	160
Non-current assets excluding goodwill	6,539	7,358	–	–	–	–	–	–	124,872	92,025	66,836	47,406
Total assets	8,558	9,462	5,915	4,637	33,657	67,781	56,756	89,739	124,927	92,059	66,909	47,566
Current liabilities	(1,088)	(984)	(114)	(180)	(9,915)	(19,258)	(33,628)	(6,947)	(5)	(5)	(5)	(5)
Non-current Liabilities	(1,904)	(3,021)	(2,457)	(1,013)	(4,908)	(27,951)	(3,774)	(76,449)	(87,899)	(81,067)	(40,713)	(37,436)
Total liabilities	(2,992)	(4,005)	(2,571)	(1,193)	(14,823)	(47,209)	(37,402)	(83,396)	(87,904)	(81,072)	(40,718)	(37,441)
Net assets	5,566	5,457	3,344	3,444	18,834	20,572	19,354	6,343	37,023	10,987	26,191	10,125
Net assets excluding goodwill	5,566	5,457	3,344	3,444	18,834	20,572	19,354	6,343	37,023	10,987	26,191	10,125
Proportion of the Group's ownership	86.74%	86.74%	33%	33%	45%	45%	40%	40%	35%	35%	42%	42%
Group's share of net assets/(liabilities)	4,828	4,733	1,104	1,137	8,475	9,257	7,742	2,537	12,958	3,845	11,000	4,252
Negative goodwill on acquisition	(564)	(564)	–	–	–	–	–	–	–	–	–	–
Other adjustments	9,912[(1)]	9,912[(1)]	2,635[(2)]	2,635[(2)]	–	–	–	–	–	–	–	–
Carrying amount of the investment	14,176	14,081	3,739	3,772	8,475	9,257	7,742	2,537	12,958	3,845	11,000	4,252

(1) Other adjustments comprise of fair value adjustments to the assets of the associated company.
(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

	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.	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	4,174	4,386	–	–		123,770	102,611	71,039	–	–	–	–
Profit or loss from continuing operations	229	67	160	(186)	(1,738)	12,061	13,012	6,409	26,035	10,517	16,067	9,390
Other comprehensive income	–	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive income/(expense)	229	67	160	(186)	(1,738)	12,061	13,012	6,409	26,035	10,517	16,067	9,390

(In Singapore dollars)

15. JOINT VENTURE COMPANIES

The Company's investment in joint venture companies comprises:

	Company	
	2015	**2014**
	$'000	$'000
Unquoted equity shares, at cost	5,000	5,000

Details of the joint venture companies are as follows:

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Company	
			2015	**2014**	**2015**	**2014**
			%	%	$'000	$'000
*	Canberra Development Pte Ltd (Singapore)	Property investment holding	50	50	5,000	5,000
Held through subsidiaries						
*	Buildhome Pte. Ltd. (Singapore)	Property development	50	50	–	–
*	Phileap Pte. Ltd. (Singapore)	Property development	25	25	–	–
*	Unique Residence Pte. Ltd. (Singapore)	Investment holding	50	50	–	–
Held through joint venture company						
*	Fernvale Development Pte. Ltd. (Singapore)	Property development	20	20	–	–
					5,000	5,000

* Audited by Ernst & Young LLP, Singapore.

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

	Group	
	2015	**2014**
	$'000	$'000
Canberra Development Pte Ltd	62,128	41,564
Buildhome Pte. Ltd.	1,963	8,592
Other joint venture companies	–	174
	64,091	50,330

(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.	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Cash and cash equivalents	655	3	1,789	673
Other current assets	31,026	10	127,689	127,132
Trade receivables	1,462	1,869	92	–
Current assets	33,143	1,882	129,570	127,805
Non-current assets	322,031	269,662	–	99
Total assets	355,174	271,544	129,570	127,904
Current liabilities	(9,624)	(48,373)	(24,980)	(110,718)
Non-current liabilities (excluding trade, other payables and provision)	(217,000)	(137,000)	(100,663)	(2)
Other non-current liabilities	(4,294)	(3,043)	–	–
Total non-current liabilities	(221,294)	(140,043)	(100,663)	(2)
Total liabilities	(230,918)	(188,416)	(125,643)	(110,720)
Net assets	**124,256**	**83,128**	**3,927**	**17,184**
Net assets excluding goodwill	**124,256**	**83,128**	**3,927**	**17,184**
Proportion of the Group's ownership	50%	50%	50%	50%
Group's share of net assets	62,128	41,564	1,963	8,592
Carrying amount of the investment	62,128	41,564	1,963	8,592

Summarised statement of comprehensive income

Revenue	17,991	9,001	1,677	–
Operating income/(expenses), net	27,420	(9,523)	(11,855)	(6,028)
Interest expense	(4,258)	(2,818)	(2,982)	(2,220)
Profit/(loss) before tax	41,153	(3,340)	(13,160)	(8,248)
Income tax (expense)/credit	(24)	(156)	–	40
Profit/(loss) after tax, representing total comprehensive income/(expense)	41,129	(3,496)	(13,160)	(8,208)

(In Singapore dollars)

16. AMOUNTS DUE FROM/TO ASSOCIATED COMPANIES, JOINT VENTURE COMPANIES AND INVESTEE COMPANIES

	Group	
	2015	**2014**
	$'000	$'000
Amounts due from associated companies	76,928	81,830
Amounts due from joint venture companies	62,818	84,839
Amounts due from investee companies	9,330	8,658
	149,076	175,327
Amounts due to associated companies	22,766	21,711
Amounts due to joint venture company	15,507	14,368
	38,273	36,079

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 2017 to 2019.

Amounts due from associated companies amounting to $23,375,000 (2014: $28,442,000) bear interest at 4.5% per annum (2014: interest free) and denominated in Thai Baht. Amounts due from associated companies amounting to $53,553,000 (2014: $53,388,000) are denominated in Singapore Dollars, and includes an amount of $53,553,000 (2014: $53,388,000) which bears interest ranging from 1% to 5.35% (2014: 1% to 5.35%) per annum.

Amounts due from joint venture companies of $61,087,000 (2014: $67,408,000) bear interest ranging from 2.3% to 5.35% (2014: 2.3% to 5.75%) per annum,

Amounts due from investee companies of $3,058,000 (2014: $2,818,000) bear interest at 0.25% (2014: 0.25%) above the local banks' prime rate per annum. Amounts due from investee companies of $5,889,000 (2014: $5,625,000) are interest free.

17. OTHER INVESTMENTS

	Group	
	2015	**2014**
	$'000	$'000
Equity instruments (unquoted), at cost	218	218

(In Singapore dollars)

17. OTHER INVESTMENTS (CONT'D)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group 2015 %	Equity interest held by the Group 2014 %	Cost of investment by the Group 2015 $'000	Cost of investment by the Group 2014 $'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	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.

18. INTANGIBLE ASSETS

	Goodwill $'000
Group	
Cost:	
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	175
Accumulated impairment:	
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	66
Net carrying amount:	
At 31 December 2014 and 31 December 2015	109

(In Singapore dollars)

18. INTANGIBLE ASSETS (CONT'D)

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**
	2015	**2014**		
	$'000	$'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 2015	109
At 31 December 2014	109

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. 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 2015 and 2014 as the amount of discounted net cash inflows attributable to the CGU was in excess of the carrying amount of the goodwill.

(In Singapore dollars)

19. DEVELOPMENT PROPERTIES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Cost of land	186,313	170,471	76,085	76,085
Interest capitalised	19,484	17,713	3,429	1,912
Development and related costs	57,981	51,146	11,528	4,522
	263,778	239,330	91,042	82,519
Attributable profit recognised	7,711	4,255	4,931	1,935
	271,489	243,585	95,973	84,454
Progress billings	(38,644)	(27,891)	(20,278)	(10,775)
	232,845	215,694	75,695	73,679
Provision for foreseeable losses	(34,080)	(5,000)	–	–
	198,765	210,694	75,695	73,679
Interest capitalised during the year	1,771	1,288	1,517	1,288
Comprise of:				
Completed development properties	107,393	137,279	–	–
Development properties under construction	91,372	73,415	75,695	73,679
	198,765	210,694	75,695	73,679

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

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Balance at beginning of year	5,000	–	–	–
Provision during the year	29,080	5,000	–	–
At end of year	34,080	5,000	–	–

(i) As at the end of financial year, borrowing costs of $19,484,000 (2014: $17,713,000), 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 2.41% to 3.47% (2014: 2.39% to 2.51%) per annum.

(ii) Development properties amounting to $197,893,000 (2014: $209,016,000) under development have been pledged as security for bank loans (Note 29).

(iii) As at 31 December 2015, the aggregate amount of costs incurred and recognised profits (less recognised losses) relating to agreements for which the Group recognises revenue using the percentage of completion method amounted to $197,562,000 (2014: $218,119,000) and $4,931,000 (2014: $1,935,000) respectively.

(iv) As at 31 December 2015, the aggregate amount of costs incurred and recognised profits relating to agreements for which the Company recognises revenue using the percentage of completion method amounted to $91,042,000 (2014: $82,519,000) and $4,931,000 (2014: $1,935,000) respectively.

(v) As at 31 December 2015, the carrying amount of development properties carried at fair value less costs to sell amounted to $106,520,000 (2014: $135,600,000). The provision for foreseeable losses is estimated taking into account estimated selling prices based on comparable projects and the prevailing market conditions and estimated costs to sell are based on historical trends.

(In Singapore dollars)

19. DEVELOPMENT PROPERTIES (CONT'D)

The development properties held by the Group (excluding associated companies/joint venture companies) as at 31 December 2015 are:

Name and Location	Percentage held (%)	Tenure	Proposed Development	Development	Approximate Land Area (sq m)	Approximate Gross Floor Area (sq m)	Estimated stage of completion as at date of annual report (%) (Expected year of completion)
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	Structural work (FY2018)
New York Road, Leeds, United Kingdom	55	Freehold	Commercial and residential	To be confirmed	9,307	72,700	Planning stage

(In Singapore dollars)

20. TRADE RECEIVABLES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Trade receivables	559	177	120	–
Less: Allowance for impairment	(21)	(18)	–	–
	538	159	120	–

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
At beginning of year	18	19	–	–
Charge for the year	3	–	–	–
Write-back during the year	–	(1)	–	–
At end of year	21	18	–	–

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 $538,000 (2014: $159,000) 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	
	2015	**2014**
	$'000	$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	445	100
30 to 60 days	63	52
61 to 90 days	3	6
91 to 120 days	27	–
More than 120 days	–	1
	538	159

Receivables that are impaired

	Group Individually impaired	
	2015	**2014**
	$'000	$'000
Trade receivables – nominal amounts	21	18
Less: Allowance for impairment	(21)	(18)
	–	–

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.

(In Singapore dollars)

21. OTHER RECEIVABLES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Deposits	3,823	2,013	4	–
Advances to non-controlling interests	1,205	4,314	–	–
Other receivables	2,247	2,343	4	3
	7,275	8,670	8	3

Advances to non-controlling interests are unsecured, non-interest bearing and are repayable on demand.

22. AMOUNTS DUE FROM/TO SUBSIDIARIES (NON-TRADE)
AMOUNTS DUE FROM RELATED PARTIES (TRADE)
AMOUNTS DUE FROM JOINT VENTURE COMPANY (NON-TRADE)
AMOUNTS DUE FROM JOINT VENTURE COMPANY (TRADE)

These balances are unsecured, non-interest bearing and are repayable on demand except for amounts due from subsidiaries of $173,296,000 (2014: $167,782,000) and amounts due to subsidiaries of $34,945,000 (2014: $28,558,000) which bear interest at 4.50% (2014: 4.50%) per annum. These amounts are to be settled in cash.

	Company	
	2015	**2014**
	$'000	$'000
Amounts due from subsidiaries	223,298	224,166
Less: Allowance for impairment	(5,263)	(5,164)
	218,035	219,002

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

At beginning of year	(5,164)	(5,347)
Charge for the year	(339)	–
Write-back during the year	240	183
At end of year	(5,263)	(5,164)

Receivables that are impaired

At the end of the reporting period, the Company has provided an allowance of $5,263,000 (2014: $5,164,000) for impairment of receivables from subsidiaries with a nominal amount of $15,204,000 (2014: $20,464,000). These subsidiaries have been suffering financial losses for the current and past financial years.

23. FIXED DEPOSITS

The fixed deposits of the Group and the Company have an average maturity of 62 days (2014: 40 days) and 55 days (2014: 41 days) respectively, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2015 for the Group and the Company were 0.88% (2014: 0.32%) and 0.90% (2014: 0.32%) respectively.

The Group's and Company's fixed deposits include $5,500,000 (2014: $5,000,000) held under the Housing Developers' (Project Account) Rules 1985, withdrawals from which are specific to payments for expenditure incurred on specified projects.

(In Singapore dollars)

24. CASH AND BANK BALANCES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Cash at bank	16,227	19,485	4,155	13,344

The Group's and Company's cash at bank includes $388,000 (2014: $810,000) held under the Housing Developers' (Project Account) Rules 1985, withdrawals from which are specific to payments for expenditure incurred on specified projects.

25. TRADE PAYABLES

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

26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Current portion:				
Financial liabilities				
Accrued operating expenses	3,357	3,919	1,431	2,026
Rental deposits received	680	1,029	–	1
Other deposits received	100	1	3	–
Other payables	444	72	10	5
	4,581	5,021	1,444	2,032
Non-financial liabilities				
Advance rental received	35	65	–	–
Deferred lease income	217	49	–	–
	4,833	5,135	1,444	2,032
Non-current portion:				
Financial liabilities				
Rental deposits received	1,150	1,025	–	–

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

(In Singapore dollars)

27. BONDS

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.

Bonds with a face value of $75,000,000 were issued in 2013, were unsecured, bore interest at a fixed rate of 5.6% per annum and were fully repaid in November 2015.

28. SHORT-TERM BANK LOANS

The Group's and Company's short-term loans are unsecured and bear interest at rates ranging from 2.7% to 3.05% (2014: Nil) per annum during the year.

29. BANK TERM LOANS

Details of bank term loans are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Secured	306,082	260,062	58,745	60,995
Repayable:				
- not later than 1 year	163,885	92,139	58,745	–
- 1 year through 5 years	142,197	167,923	–	60,995
	306,082	260,062	58,745	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 1.5% to 3.0% (2014: 1.5% to 3.0%) 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% (2014: 2.0%) above bank's swap rate per annum during the year.

(In Singapore dollars)

30. AMOUNTS DUE TO NON-CONTROLLING INTERESTS (NON-TRADE)

Amounts due to non-controlling interests are unsecured, bear interest at 5% (2014: Nil) per anmum and are to be settled in cash. These amounts have no fixed terms of repayment.

31. DEFERRED TAX LIABILITIES

Deferred tax liabilities arose as a result of:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Provisions	499	159	545	159

As at 31 December 2015, the Group had unutilised tax losses of approximately $38,188,000 (2014: $7,276,000) 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 (2014: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 43).

Unrecognised temporary differences relating to investments in associates

At the end of the reporting period, no deferred tax liability (2014: 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 $34,000 (2014: $11,000).

32. DERIVATIVES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Derivative liabilities				
Interest rate swaps	23	–	–	–

In 2015, the Group entered into interest rate swaps with nominal amount of $15,000,000 to manage its exposure to interest rate fluctuation. The interest rate swaps pays floating rate interest equal to 6-month Swaps Offer Rate ("SOR") and receives fixed rate of interest ranging from 1.85% to 2.07%. The interest rate swaps matures from September 2017 to December 2017.

(In Singapore dollars)

33. SHARE CAPITAL

	Group and Company			
	2015		2014	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
At beginning of year	268,615	58,803	268,615	58,803
Issuance of shares on rights issue	56,541	27,875	–	–
Share issuance expense	–	(54)	–	–
At end of year	325,156	86,624	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 23 October 2015, the Company allotted and issued 56,541,298 new ordinary shares pursuant to the rights issuance exercise.

34. OTHER RESERVE

	Group	
	2015	2014
	$'000	$'000
Foreign currency translation reserve	(215)	(1,040)

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

Balance at beginning of year	(1,040)	(247)
Foreign currency translation	825	(793)
Balance at end of year	(215)	(1,040)

35. COMMITMENTS

(a) ***Operating lease commitments – as lessee***

As at 31 December 2015, 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 (2014: $124,000).

(In Singapore dollars)

35. COMMITMENTS (CONT'D)

(a) ***Operating lease commitments – as lessee (cont'd)***

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

	Group	
	2015	**2014**
	$'000	$'000
Future minimum payments		
- not later than 1 year	124	124
- 1 year through 5 years	100	97
	224	221

(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 receivables under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2015	**2014**
	$'000	$'000
Lease payments receivables		
- not later than 1 year	9,222	7,096
- 1 year through 5 years	8,348	4,358
- after 5 years	348	522
	17,918	11,976

(In Singapore dollars)

35. COMMITMENTS (CONT'D)

(c) ***Finance lease commitments***

	Total minimum lease payments 2015 $'000	Present value of payments 2015 $'000	Total minimum lease payments 2014 $'000	Present value of payments 2014 $'000
Group				
Within one year	–	–	23	20
After one year but not more than five years	–	–	–	–
Total minimum lease payments	–	–	23	20
Less: Amounts representing finance charges	–	–	(3)	–
Present value of minimum lease payments	–	–	20	20

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 3.72% to 4.33% (2014: 1.88% to 4.33%) 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 2015 $'000	Group 2014 $'000
Commitment in relation to investment in jointly controlled entity	–	5,500

36. 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 $1,223,000 (2014: $760,000).

(In Singapore dollars)

36. RELATED PARTY TRANSACTIONS (CONT'D)

(a) *Sale and purchase of goods and services (cont'd)*

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	$'000	$'000	$'000
Income				
Interest income				
- subsidiaries	–	–	10,797	9,762
- associated companies	4,510	3,910	–	–
- joint venture companies	788	760	36	7
- investee companies	492	141	–	–
Management fees income				
- joint venture companies	3,654	2,096	2,000	2,000
- subsidiaries	–	–	854	776
- associated companies	492	674	–	–
- related party	45	44	–	–
Rental income from a subsidiary	–	–	–	110
Expenses				
Management fee paid to a subsidiary	–	–	576	576
Interest expenses				
- subsidiaries	–	–	4,073	3,796
- joint venture companies	244	188	–	–
- associated companies	1,055	462	–	–
Rental paid to related party	115	115	–	–

(b) *Compensation of key management personnel*

	Group	
	2015	**2014**
	$'000	$'000
Short-term employee benefits	2,066	1,524
Central Provident Fund contributions	82	51
Other short-term benefits	139	78
	2,287	1,653
Comprise amounts paid to:		
- Directors of the Company	1,164	1,122
- Other key management personnel	1,123	531
	2,287	1,653

(In Singapore dollars)

37. CONTINGENCIES

The Company has provided corporate guarantees to banks and financial institutions of $706,595,000 (2014: $624,789,000) for credit facilities (Notes 28 and 29) taken by its subsidiaries, joint venture companies, associated companies and investee companies.

38. 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:

	Note	Group		Company	
		2015	2014	2015	2014
		$'000	$'000	$'000	$'000
Loans and receivables					
Amounts due from associated companies, joint venture companies and investee companies	16	149,076	175,327	–	–
Trade receivables	20	538	159	120	–
Other receivables	21	7,275	8,670	8	3
Amounts due from subsidiaries (non-trade)	22	–	–	218,035	219,002
Amounts due from related parties (trade)	22	12	37	–	–
Amounts due from joint venture company (non-trade)	22	606	1,293	536	1,293
Amount due from joint venture company (trade)	22	341	–	–	–
Fixed deposits	23	6,099	20,036	5,934	19,221
Cash and bank balances	24	16,227	19,485	4,155	13,344
		180,174	225,007	228,788	252,863
Available-for-sale financial assets					
Other investments	17	218	218	–	–

(In Singapore dollars)

38. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

		Group		Company	
	Note	**2015**	**2014**	**2015**	**2014**
		$'000	$'000	$'000	$'000
Financial liabilities measured at amortised cost					
Trade and other payables (current)					
Trade payables	25	8,046	5,944	2,112	1,272
Other payables and accruals	26	4,581	5,021	1,444	2,032
Amounts due to subsidiaries	22	–	–	1,036	1,171
		12,627	10,965	4,592	4,475
Other payables (non-current)					
Other payables and accruals	26	1,150	1,025	–	–
Total trade and other payables		13,777	11,990	4,592	4,475
Loans and borrowings (current)					
Amounts due to subsidiaries	22	–	–	34,945	28,558
Lease obligations	35	–	20	–	–
Bond	27	–	75,000	–	75,000
Short-term bank loans	28	4,000	–	4,000	–
Bank term loans	29	163,885	92,139	58,745	–
		167,885	167,159	97,690	103,558
Loans and borrowings (non-current)					
Amounts due to associated companies and joint venture companies (non-trade)	16	38,273	36,079	15,508	–
Amounts due to non-controlling interests (non-trade)	30	25,230	–	–	–
Bonds	27	60,000	60,000	60,000	60,000
Bank term loans	29	142,197	167,923	–	60,995
Total loans and borrowings		433,585	431,161	173,198	224,553
Total finance liabilities measured at amortised cost		447,362	443,151	177,790	229,028
Financial liabilities at fair value through profit or loss					
Interest rate swap	32	23	–	–	–

(In Singapore dollars)

39. FAIR VALUE OF ASSETS AND LIABILITIES

(a) ***Fair value hierarchy***

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

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

- Level 2 – Inputs other that 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 that are carried at fair value***

Interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves.

(c) ***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.

(In Singapore dollars)

39. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) ***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, joint venture companies and non-controlling interests have no fixed terms of repayment and are expected to be repaid from 2017 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.

(e) ***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:

		2015 $'000		**2014** $'000	
	Note	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair Value**
Group					
Financial assets:					
Equity instruments, at cost	17	218	*	218	*
Financial liabilities:					
Obligations under finance leases	35	–	–	20	23

* 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.

(In Singapore dollars)

39. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(f) ***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 2015 $'000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements				
Investment properties:				
Retail and commercial	173,980	Market comparable approach	Yield adjustments based on management's assumptions *	10% to 20%
Fixed Assets:				
Freehold properties	104,779	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 and freehold properties, a significant increase (decrease) in yield adjustments based on management's assumptions would result in a significantly higher (lower) fair value measurement.

(In Singapore dollars)

39. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

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

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

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

		Effect of reasonably possible alternative assumptions	
	Carrying amount	**Profit or loss**	**Other comprehensive income**
	$'000	$'000	$'000
31 December 2015			
Recurring fair value measurements			
Investment property:			
- Retail and commercial	173,980	5,219	–
Fixed asset:			
- Freehold properties	104,779	–	3,143
31 December 2014			
Recurring fair value measurements			
Investment property:			
- Retail and commercial	172,333	5,170	–
Fixed asset:			
- Freehold properties	67,965	–	2,039

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 and freehold 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 $600,000 (2014: $3,400,000) (Note 12). The disclosure of the movement in the investment properties balance and freehold properties in Note 12 and Note 11 respectively constitutes a reconciliation of the movement of assets which are measured at fair value based on significant unobservable inputs.

(In Singapore dollars)

39. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

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

(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.

40. 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 Executive 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. Details of the derivatives are disclosed in Note 32.

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.

(In Singapore dollars)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) ***Credit risk***

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

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

Exposure to credit risk

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

- the carrying amount of each class of financial assets recognised in the balance sheets; and
- a nominal amount of $706,595.000 (2014: $624,789,000) 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, 55% (2014: 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% (2014: 50%) 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% (2014: 39%) of the Group's loans and borrowings (Note 38) will mature in less than one year based on the carrying amount reflected in the financial statements.

(In Singapore dollars)

40. 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				
2015				
Financial assets:				
Amounts due from associated companies, joint venture companies and investee companies	16	–	149,076	149,076
Trade receivables	20	538	–	538
Other receivables	21	7,275	–	7,275
Amounts due from related parties (trade)	22	12	–	12
Amounts due from joint venture company	22	947	–	947
Fixed deposits	23	6,148	–	6,148
Cash and bank balances	24	16,227	–	16,227
Total undiscounted financial assets		31,147	149,076	180,233
Financial liabilities:				
Trade payables	25	8,046	–	8,046
Other payables and accruals	26	4,581	1,150	5,731
Derivatives	32	23	–	23
Loans and borrowings		177,628	279,728	457,356
Total undiscounted financial liabilities		190,278	280,878	471,156
Total net undiscounted financial liabilities		(159,131)	(131,802)	(290,933)
2014				
Financial assets:				
Amounts due from associated companies, joint venture companies and investee companies	16	–	175,327	175,327
Trade receivables	20	159	–	159
Other receivables	21	8,670	–	8,670
Amounts due from related parties (trade)	22	37	–	37
Amounts due from joint venture company (non-trade)	22	1,293	–	1,293
Fixed deposits	23	20,106	–	20,106
Cash and bank balances	24	19,485	–	19,485
Total undiscounted financial assets		49,750	175,327	225,077
Financial liabilities:				
Trade payables	25	5,944	–	5,944
Other payables and accruals	26	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)

40. 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				
2015				
Financial assets:				
Trade receivables	20	120	–	120
Other receivables	21	8	–	8
Amounts due from subsidiaries (non-trade)	22	225,758	–	225,758
Amounts due from joint venture company (non-trade)	22	536	–	536
Fixed deposits	23	5,983	–	5,983
Cash and bank balances	24	4,155	–	4,155
Total undiscounted financial assets		236,560	–	236,560
Financial liabilities:				
Trade payables	25	2,112	–	2,112
Other payables and accruals	26	1,444	–	1,444
Amounts due to subsidiaries	22	1,036	–	1,036
Loans and borrowings		103,930	77,277	181,207
Total undiscounted financial liabilities		108,552	77,277	185,799
Total net undiscounted financial assets/(liabilities)		128,038	(77,277)	50,761
2014				
Financial assets:				
Other receivables	21	3	–	3
Amounts due from subsidiaries (non-trade)	22	226,552	–	226,552
Amounts due from joint venture company (non-trade)	22	1,293	–	1,293
Fixed deposits	23	19,287	–	19,287
Cash and bank balances	24	13,344	–	13,344
Total undiscounted financial assets		260,479	–	260,479
Financial liabilities:				
Trade payables	25	1,272	–	1,272
Other payables and accruals	26	2,032	–	2,032
Amounts due to subsidiaries	22	1,171	–	1,171
Loans and borrowings		114,328	123,202	237,530
Total undiscounted financial liabilities		118,803	123,202	242,005
Total net undiscounted financial assets/(liabilities)		141,676	(123,202)	18,474

(In Singapore dollars)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

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

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	
	2015	**2014**
	$'000	$'000
Financial guarantees	706,595	624,789

(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 (2014: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $1,282,000 (2014: $948,000) 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**	**1 to 5 years**	**Total**
		$'000	$'000	$'000
Group				
2015				
Floating rate				
Short-term bank loans	28	4,000	–	4,000
Bank term loans	29	167,885	142,197	310,082
2014				
Floating rate				
Bank term loans	29	92,139	167,923	260,062

(In Singapore dollars)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

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

Sensitivity analysis for interest rate risk (cont'd)

	Note	Within 1 year	1 to 5 years	Total
		$'000	$'000	$'000
Company				
2015				
Floating rate				
Short-term bank loans	28	4,000	–	4,000
Bank term loans	29	58,745	–	58,745
2014				
Floating rate				
Bank term loans	29	–	60,995	60,995

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	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Pound Sterling ("GBP")	9,428	18,229	2,775	14,848
Australian dollar ("AUD")	119	104	2	–
United States dollar ("USD")	4	11	4	11

(In Singapore dollars)

40. 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.

		2015		2014	
		Profit net of tax	**Equity**	**Profit net of tax**	**Equity**
		$'000	$'000	$'000	$'000
THB	- strengthened 3% (2014: 3%)	4	641	1	856
	- weakened 3% (2014: 3%)	(4)	(641)	(1)	(856)
AUD	- strengthened 3% (2014: 3%)	2	218	6	228
	- weakened 3% (2014: 3%)	(2)	(218)	(6)	(228)
GBP	- strengthened 3% (2014: 3%)	149	1,819	567	2,879
	- weakened 3% (2014: 3%)	(149)	(1,819)	(567)	(2,879)

41. 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 2015 and 31 December 2014.

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

		Group	
	Note	**2015**	**2014**
		$'000	$'000
Trade and other payables	38	13,777	11,990
Loans and borrowings	38	433,585	431,161
Less:			
Cash and bank balances and fixed deposits		(22,326)	(39,521)
Net debt		425,036	403,630
Equity attributable to owners of the Company		339,645	306,960
Capital and net debt		764,681	710,590
Gearing ratio		56%	57%

(In Singapore dollars)

42. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four 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.

IV. The hospitality segment is involved in hotel operations and related services.

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 (excluding 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

As at 31 December 2014, 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.

As at 31 December 2015, revenue and non-current assets information based on geographical location of customers and assets respectively are as follows.

	Revenue $'000	**Non-current assets** $'000
Singapore	24,453	410,890
United Kingdom	9,841	123,980
Australia	-	22,535
	34,294	557,405

(In Singapore dollars)

42. SEGMENT INFORMATION (CONT'D)

	Property investment $'000	Property development $'000	Corporate $'000	Hospitality $'000	Elimination $'000	Note	Consolidated $'000
31 December 2015							
Revenue:							
Sales to external customers	13,463	13,417	1,588	5,826	–		34,294
Inter-segment revenue	3,345	–	3,326	–	(6,671)	A	–
	16,808	13,417	4,914	5,826	(6,671)		34,294
Results:							
Interest income	–	–	33,179	–	(27,298)	A	5,881
Interest expense	(2,902)	(5,646)	(33,140)	(928)	26,330	A	(16,286)
Gains from fair value adjustments of investment properties	600	–	–	–	–		600
Depreciation of fixed assets	(116)	(55)	(51)	(284)	–		(506)
Share of results of associated companies/joint venture companies	20,399	14,098	5	113	–		34,615
Provision for foreseeable losses	–	(29,080)	–	–	–		(29,080)
Segment profit/(loss) before tax	30,864	(19,875)	(2,444)	(2,089)	(1,803)	B	4,653
Assets:							
Investment in associated companies/joint venture companies	65,751	48,856	–	14,173	–		128,780
Additions to non-current assets [1]	654	–	262	37,482	–		38,398
Segment assets	268,368	381,872	564,248	141,684	(566,284)	C	789,888
Segment liabilities	119,413	129,682	680,862	48,857	(529,743)	D	449,071

[1] Additions to non-current assets consist of additions to fixed assets and investment properties.

(In Singapore dollars)

42. SEGMENT INFORMATION (CONT'D)

	Property investment $'000	Property development $'000	Corporate $'000	Others $'000	Elimination $'000	Note	Consolidated $'000
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
Provision for foreseeable losses	–	(5,000)	–	–	–		(5,000)
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	38,110	–	14,060	–		94,352
Additions to non-current assets [1]	30,035	–	87	67,965	–		98,087
Segment assets	243,176	391,095	581,350	103,011	(547,054)	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 investment properties.

(In Singapore dollars)

42. 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:

	2015 $'000	2014 $'000
Profit from inter-segment sales	(835)	(1,318)
Finance expenses	26,330	13,931
Finance income	(27,298)	(16,166)
	(1,803)	(3,553)

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

	2015 $'000	2014 $'000
Investment in subsidiaries	(51,510)	(51,772)
Intangible assets	109	109
Fixed assets	5,500	6,756
Development properties	(1,090)	(5,666)
Inter-company loans	(519,293)	(496,481)
	(566,284)	(547,054)

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

	2015 $'000	2014 $'000
Inter-company loans	(529,743)	(513,648)

(In Singapore dollars)

43. DIVIDEND

	Group and Company	
	2015	2014
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2014: 0.60 cents (2013: 1.30 cents) per share	1,612	3,492
- Interim exempt (one-tier) dividend for 2015: Nil (2014: 0.50 cents) per share	–	1,343
	1,612	4,835
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2015: 0.60 cents (2014: 0.60 cents) per share	1,951	1,612

44. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 1 April 2016.

综合全面收益表

截至2015年12月31日之财政年度

(以新元表示)

	注释	2015 $'000	2014 $'000
营业额	4	34,294	36,318
出售房地产成本		(10,001)	(19,837)
其他营业收入	5	3,008	3,151
人员费用	6	(6,087)	(4,347)
固定资产折旧及摊销		(506)	(218)
其他营业费用		(11,785)	(9,111)
经营业务利润	7	8,923	5,956
财务费用	8(a)	(16,286)	(11,236)
财务收入	8(b)	5,881	4,972
应占联营公司和合资企业收益		34,615	11,792
投资产业公允价值收益	12	600	3,400
可预见性发展物业亏损	19	(29,080)	(5,000)
税前利润		4,653	9,884
税项	9	(43)	(1,114)
本年税后利润		4,610	8,770
其他综合收入:			
外币折算		626	(793)
其他综合收入(费用),税后		626	(793)
年度综合收入总额		5,236	7,977
年度利润			
归属于:			
公司权益持有人		5,651	9,455
非控制性权益		(1,041)	(685)
		4,610	8,770

综合全面收益表

截至2015年12月31日之财政年度

(以新元表示)

	注释	2015	2014
		$'000	$'000
年度综合收入总额			
归属于:			
公司权益持有人		6,476	8,662
非控制性权益		(1,240)	(685)
		5,236	7,977
持续经营业务每股收益 (分) 归属于公司权益持有人			
基本	10	1.96	3.43
摊薄	10	1.96	3.43

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

资产负债表

截至2015年12月31日之财政年度

(以新元表示)

	注释	本集团 2015 $'000	本集团 2014 $'000	本公司 2015 $'000	本公司 2014 $'000
非流动资产					
固定资产	11	105,242	68,291	95	161
投资产业	12	173,980	172,333	–	–
子公司	13	–	–	25,583	25,606
联营公司	14	64,689	44,022	–	–
合营公司	15	64,091	50,330	5,000	5,000
联营公司，合营公司和其他投资应付欠款	16	149,076	175,327	–	–
其他投资	17	218	218	–	–
无形资产	18	109	109	–	–
		557,405	510,630	30,678	30,767
流动资产					
发展产业	19	198,765	210,694	75,695	73,679
应收账款	20	538	159	120	–
其他应收账款	21	7,275	8,670	8	3
预付款项		2,620	574	26	19
子公司应付欠款（非贸易）	22	–	–	218,035	219,002
关联方应付欠款（贸易）	22	12	37	–	–
合营公司应付欠款（非贸易）	22	606	1,293	536	1,293
合营公司应付欠款（贸易）	22	341	–	–	–
定期存款	23	6,099	20,036	5,934	19,221
现金及银行结存	24	16,227	19,485	4,155	13,344
		232,483	260,948	304,509	326,561
流动负债					
应付账款	25	8,046	5,944	2,112	1,272
其他应付款项及应计项目	26	4,833	5,135	1,444	2,032
应付子公司款项（非贸易）	22	–	–	35,981	29,729
租赁负债	35	–	20	–	–
债券	27	–	75,000	–	75,000
短期银行贷款	28	4,000	–	4,000	–
定期银行贷款	29	163,885	92,139	58,745	–
应交税费		935	1,407	728	–
衍生金融工具	32	23	–	–	–
		181,722	179,645	103,010	108,033
净流动资产		50,761	81,303	201,499	218,528

资产负债表

截至2015年12月31日之财政年度

(以新元表示)

	Note	本集团 2015 $'000	本集团 2014 $'000	本公司 2015 $'000	本公司 2014 $'000
非流动负债					
其他应付款项及应计项目	26	1,150	1,025	–	–
应付联营及合营公司款项（非贸易）	16	38,273	36,079	15,508	–
应付非控制性权益款项（非贸易）	30	25,230	–	–	–
债券	27	60,000	60,000	60,000	60,000
定期银行贷款	29	142,197	167,923	–	60,995
递延税项负债	31	499	159	545	159
		(267,349)	(265,186)	(76,053)	(121,154)
净资产		340,817	326,747	156,124	128,141
归属于本公司股权持有人的权益					
股本	33	86,624	58,803	86,624	58,803
其他储备金	34	(215)	(1,040)	–	–
累计利润		253,236	249,197	69,500	69,338
		339,645	306,960	156,124	128,141
非控制性权益	13	1,172	19,787	–	–
总权益		340,817	326,747	156,124	128,141

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:	:	325,156,492
Issued and fully paid-up capital	:	S$87,032,525.674
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 2016, approximately 25.00% 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 2016

(According to Register of Substantial Shareholders)

Name of Substantial Shareholder		Direct Interest	%	Deemed Interest	%
1.	Heeton Investments Pte Ltd[(1)]	64,854,559	19.95	25,000,000	7.69
2.	Hong Heng Company Private Limited	54,656,400	16.81	-	-
3.	Toh Khai Cheng[(2)]	22,084,392	6.79	144,510,959	44.44
4.	Toh Giap Eng[(3)]	38,741,249	11.91	89,854,559	27.64
5.	Toh Gap Seng[(4)]	17,768,370	5.46	770,000	0.24
6.	Kim Seng Holdings Pte Ltd	-	-	18,000,000	5.54
7.	Tan Fuh Gih[(5)]	-	-	18,000,000	5.54
8.	Tan Hoo Lang[(5)]	-	-	18,000,000	5.54
9.	Tan Kim Seng[(5)]	-	-	18,000,000	5.54

Notes:

(1) Heeton Investments Pte Ltd is deemed to be interested in the 25,000,000 ordinary shares held by Sing Investments and Finance Limited.

(2) Toh Khai Cheng is deemed to be interested in the 89,854,559 ordinary shares held by Heeton Investments Pte Ltd and the 54,656,400 ordinary shares held by Hong Heng Company Private Limited.

(3) Toh Giap Eng is deemed to be interested in the 89,854,559 ordinary shares held by Heeton Investments Pte Ltd.

(4) Toh Gap Seng is deemed to be interested in the 770,000 ordinary shares held by his spouse.

(5) Tan Fuh Gih, Tan Hoo Lang and Tan Kim Seng are deemed to be interested in the 18,000,000 ordinary shares held by Kim Seng Holdings Pte Ltd.

STATISTICS OF SHAREHOLDERS

ANALYSIS OF SHAREHOLDINGS AS AT 17 MARCH 2016

Range of Shareholdings	Number of Shareholders	Percentage	Number of Shares Held	Percentage
1 - 99	8	1.05	58	0.00
100 - 1,000	15	1.97	7,612	0.00
1,001 - 10,000	214	28.12	1,117,094	0.35
10,001 - 1,000,000	504	66.23	33,695,866	10.36
1,000,001 and above	20	2.63	290,335,862	89.29
TOTAL	761	100.00	325,156,492	100.00

MAJOR SHAREHOLDERS AS AT 17 MARCH 2016

No	Name of Shareholder	Number of Shares Held	Percentage
1	Heeton Investments Pte Ltd	64,854,559	19.95
2	Hong Heng Co Pte Ltd	54,656,400	16.81
3	Toh Giap Eng	38,741,249	11.91
4	Sing Investment & Finance Nominees Pte Ltd	25,000,000	7.69
5	Toh Khai Cheng	22,084,392	6.79
6	Raffles Nominees (Pte) Ltd	19,517,500	6.00
7	Toh Gap Seng	17,768,370	5.46
8	CIMB Securities (Singapore) Pte Ltd	11,203,981	3.45
9	Maybank Kim Eng Securities Pte Ltd	9,642,879	2.97
10	UOB Kay Hian Pte Ltd	6,960,400	2.14
11	Ang Kong Meng	4,992,700	1.54
12	DBS Nominees Pte Ltd	3,459,809	1.06
13	Phillip Securities Pte Ltd	2,369,600	0.73
14	Ng Wee Chu	1,918,810	0.59
15	OCBC Securities Private Limited	1,444,033	0.44
16	Tan Swee Lang	1,253,790	0.39
17	Citibank Consumer Nominees Pte Ltd	1,235,000	0.38
18	Morph Investments Ltd	1,150,000	0.35
19	Tan Hee Nam	1,042,800	0.32
20	Toh Bee Lian	1,039,590	0.32
		290,335,862	89.29

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 Thursday, 28 April 2016 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 31December 2015 and the Directors' Statements 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 2015. **Resolution 2**

3. To approve Directors' fees of S$221,000 for the financial year ended 31 December 2015. (2014: S$207,000) **Resolution 3**

4. To re-elect Mr Teng Heng Chew, a Director retiring pursuant to Article 77 of the Company's Constitution. **Resolution 4**

5. To re-elect the following Directors retiring by rotation pursuant to Article 95(2) of the Company's Constitution:-
   (i) Mr Toh Giap Eng **Resolution 5**
   (ii) Mr Chia Kwok Ping *(See Explanatory Note)* **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 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 (the "**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) does not exceed 50% of the total number of issued shares in the capital of the Company, excluding treasury shares, (as calculated in accordance with sub-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 pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 20% of the total number of issued shares in the capital of the Company, excluding treasury shares, (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company, excluding treasury shares, 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, consolidation or subdivision of the shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution 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
13 April 2016

Explanatory Notes:

Resolution 6

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

Resolution 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) A member of the Company ("**Member**") (other than a member who is a relevant intermediary) entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf.

(b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50) of Singapore.

(2) A proxy need not be a member of the Company.

(3) The instrument appointing a proxy or proxies that has been executed by a Member, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof), 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.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) agrees to provide the Company with written evidence of such prior consent upon reasonable request, and (iv) agrees to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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HEETON HOLDINGS LIMITED

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

PROXY FORM – ANNUAL GENERAL MEETING

IMPORTANT
1. A relevant intermediary may appoint more than two (2) proxies to attend the Annual General Meeting of the Company.
2. For investors who have used their Central Provident Fund ("CPF") monies ("CPF Investors") and/or monies in the Supplementary Retirement Scheme (SRS) accounts ("SRS Investors") to buy Heeton Holdings Limited's shares, this annual report and its enclosures are forwarded to you at the request of their CPF and/or SRS Approved Nominees (as the case may be) and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF investors and SRS investors who wish to attend and vote at the Annual General Meeting of the Company should contact their CPF and/or SRS Approved Nominees.

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

of ____ (Address)

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

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

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

or failing him/her, the Chairman of the Annual General Meeting ("AGM") of the Company as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the AGM of the Company to be held at 60 Sembawang Road #01-02/03 Hong Heng Mansions, Singapore 779088, on Thursday, 28 April 2016 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
1	To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2015 and the Directors' Statements 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 2015.		
3	To approve Directors' fees of S$221,000 for the financial year ended 31 December 2015. (2014: S$207,000)		
4	To re-elect Mr Teng Heng Chew retiring pursuant to Article 77 of the Company's Constitution.		
5	To re-elect Mr Toh Giap Eng retiring by rotation pursuant to Article 95(2) of the Company's Constitution.		
6	To re-elect Mr Chia Kwok Ping retiring by rotation pursuant to Article 95(2) of the Company's Constitution.		
7	To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration.		
8	To authorise the Directors to allot and issue new shares.		

Dated this ______________ day of ____________ 2016

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 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. 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 of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. (a) A member of the Company (other than a member who is a relevant intermediary) entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. Where a member appoints two (2) proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of the proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.

   (b) A Member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50) of Singapore.

3. A proxy need not be a member of the Company.

4. 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 appointed for the holding of the meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

6. Where the instrument appointing a proxy is signed by an attorney, the letter or power of attorney or other authority, if any, or a duly certified copy thereof shall (failing previous registration with the Company) be stamped and be lodged with the instrument of proxy at the registered office of the Company, not less than 48 hours before the time for holding the meeting and/or any adjournment thereof at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

7. 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, Chapter 50 of Singapore.

8. In the case of joint holders of shares, any one of such persons may vote, but if more than one of such persons is present at the AGM, the person whose name stands first on the Register of Members or (as the case may be) in the Depository Register shall alone be entitled to vote.

9. Any alteration made to the instrument of proxy should be initialled by the person who signs it.

General: The sending of a Proxy Form by a Member does not preclude him from attending and voting in person at the meeting if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked. The Company shall be entitled to reject an instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified on the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies lodged if the member, being the appointer, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s), the Member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

Heeton Holdings Limited

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