HIAP HOE LIMITED ANNUAL REPORT 2015

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CORPORATE PROFILE

Singapore Mainboard-listed Hiap Hoe Limited is a regional premium real estate group with a diversified portfolio of hospitality, retail, commercial and residential assets. The Group is known for the development of luxury and mid-tier residential as well as hotel-cum-commercial properties that are distinct in design and preferred for their excellent location and investment prospects. The Group's enlarged portfolio includes distinctive projects such as Zhongshan Park Integrated Development, Skyline 360° At St Thomas Walk, Waterscape At Cavenagh, The Beverly, Signature At Lewis and HH@Kallang, among others.

Hiap Hoe's flagship development is the integrated hotel-cum-commercial development along Balestier Road that sits just opposite the historic Sun Yat-Sen Nanyang Memorial Hall, a national monument that pays tribute to the father of the 1911 Chinese Revolution. Comprising Days Hotel Singapore At Zhongshan Park (新加坡中山公园戴斯酒店), and Ramada Singapore At Zhongshan Park (新加坡中山公园华美达酒店), Zhongshan Mall (中山广场) and an office tower, the two hotels flank Zhongshan Park (中山公园), creating a unique integrated development with a strong heritage connection and old world charm.

Hiap Hoe embarked on its strategic overseas expansion plans in 2013 and has acquired assets in prime locations in Australia which fit the Group's strategy of growing its recurring income stream. Hiap Hoe's inaugural integrated hotel-cum-residential development project, Marina Tower, Melbourne, will further expand the Group's hospitality portfolio.

Hiap Hoe's strategic acquisition of SuperBowl Holdings Limited in 2014 has consolidated the Group's position as a sizeable player in the real estate industry, expanding its sources of revenue to include leasing business and leisure activities, which deliver a pool of stable revenue for the Group.

In addition to the Group's business of property investment and development, hospitality, leisure and investments, Hiap Hoe is also engaged in the construction business through its wholly owned subsidiary, WestBuild Construction Pte Ltd.

VISION

A richer life for each of us.

MISSION

To provide sustainable long term returns to our stakeholders as we uphold our leading reputation as a homegrown premium developer of quality developments. Only the best carries our signature.

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

The year 2015 was a challenging one for the Singapore property market as the effects of property cooling measures by the government lingered. Weak demand, increasing supply and rising vacancy rates continued to present challenges, with prospective buyers adopting the wait-and-see approach as they deferred their purchases.

MAINTAINING OUR FINANCIAL STRENGTH IN THE SINGAPORE MARKET

The Group's Zhongshan Park Integrated Development performed consistently to deliver a steady stream of revenue in hotel operations income, as well as retail and commercial rentals. Ramada Singapore At Zhongshan Park has been voted twice as the Best Mid-Range Hotel by travel professionals in the 25th and 26th Annual TTG Travel Awards in 2014 and 2015. Days Hotel Singapore At Zhongshan Park also saw an upward trend in income. For our leasing portfolio, Zhongshan Mall and Hiap Hoe Building continued to reap sustainable returns for the Group accounting for 22.7% of the Group's total rental segment revenue for the year. We also leased out 33 retail spaces in Parklane Shopping Mall, which contributed to our revenue.

For property development, HH@Kallang, a contemporary freehold light industry building, obtained its Temporary Occupation Permit in September 2015. One unit was sold in 2015 despite weak market conditions hence bringing about a total of 9 units sold since sales launch. The Group's strategy for the remaining unsold units is to lease them to generate a recurring income stream as well as to sell at attractive returns.

SuperBowl remains a household name for family-oriented leisure and entertainment business. Operating at Jurong, SAFRA Mount Faber, SAFRA Toa Payoh and HomeTeamNS-JOM, SuperBowl houses 100 bowling lanes in total. In 2015, it generated a revenue of S$7.5 million.

OUR MILESTONES IN OUR OVERSEAS FORAY

During the year, the Group achieved remarkable success in our overseas footprints. On 21 December 2015, we entered into a Contract of Sale with ISPT Pty Ltd to sell the property on 206 Bourke Street, Melbourne, Australia for A$116.28 million. The sale was completed on 22 January 2016.

On 30 December 2015, the Group entered into a Heads of Agreement with A. & J. Brady Pty Ltd to jointly develop the property at 380 Lonsdale Street, Melbourne, Australia into two mixed use towers comprising residential, commercial, office space and a hotel totalling 1,100 dwelling units. Given the prime location within Melbourne CBD with a hotel component which resonated well with A. & J. Brady Pty Ltd, the Group subsequently entered into a binding Heads of Agreement with them for the proposed sale of 380 Lonsdale Street for A$60.0 million, subject to various conditions including approval of both the boards of directors of A. & J. Brady Pty Ltd and Hiap Hoe, as well as the due diligence exercise.

All the residential units at Marina Tower, Melbourne, are fully sold with a total sales value of A$269.0 million. Construction is well in progress and the Group is optimistic that our first hotel in Melbourne, operated by Starwood Hotels & Resorts Worldwide under Four Points® by Sheraton, will commence operation in the first quarter of 2017 while the residential units will be completed by first quarter of 2018.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2015 ("FY2015"), Hiap Hoe reported revenue of S$107.8 million as compared to S$136.4 million in the previous financial year ("FY2014").

CHAIRMAN'S MESSAGE

The Group recorded revenue from sale of development properties in FY2015 of S$17.5 million for the 9 units of HH@Kallang, compared to FY2014 of S$58.6 million due to the absence of sale revenue from Waterscape At Cavenagh. Rental revenue for FY2015 was recorded at S$36.6 million, accounting for 34.0% of total revenue compared to rental revenue of S$33.1 million in FY2014. This is attributable to higher rental income from the Group's leasing portfolio of the commercial properties under SuperBowl, rental income from the residential properties in Signature At Lewis and Skyline 360° At St Thomas Walk as well as the Group's investment properties in Australia. The Group's hotels, Ramada Singapore At Zhongshan Park and Days Hotel Singapore At Zhongshan Park recorded increased revenue of S$46.1 million, accounting for 42.8% of total revenue compared to revenue of S$36.1 million in FY2014. There has been an absence of construction revenue due to the completion of the Zhongshan Park Integrated Development. Leisure business under SuperBowl contributed revenue of S$7.5 million.

The Group reported lower distribution and selling expenses of S$4.3 million in FY2015 as compared to S$8.1 million in FY2014 and lower administrative expenses of S$68.8 million in FY2015 as compared to S$79.9 million in FY2014. Other expense items include mark-to-market losses on the Group's 14.9% investment in Ley Choon Group Holdings Limited and impairment loss for the investment property at Stirling Street, Australia of S$2.4m in FY2015. The Group recorded a loss on disposal of subsidiary of S$0.4 million on the disposal of 100% of the issued and paid-up share capital of Hiap Hoe SuperBowl JV Pte Ltd to Hiap Hoe Holdings Pte Ltd, its immediate and ultimate holding company on 26 March 2015.

The Group registered a net loss after tax of S$7.2 million in FY2015 compared to a net profit after tax of S$321.1 million in FY2014. This was mainly due to the absence of S$347.9 million income from gain on bargain purchase and gain on remeasurement for acquisition of its subsidiaries in FY2014.

As at 31 December 2015, the Group's balance sheet remained in a strong position with shareholders' equity of S$673.1 million, and cash and short-term deposits valued at S$37.6 million.

DIVIDEND

The Board of Directors is recommending a final one-tier tax exempt dividend of 1.0 cent per share.

LOOKING AHEAD

The Group expects the landscape for property development, leasing and hospitality to remain challenging in the near term. However we are still confident of our long-term prospects with our diversified business portfolio and will continue to seek opportunities in Singapore and overseas.

EXPRESSING OUR THANKS

On behalf of the Board of Directors, I would like to thank my fellow Board Members for their partnership and commitment towards Hiap Hoe. I would also like to extend my sincerest gratitude to our management team, staff, investors and all other stakeholders for their dedicated services and contributions to the Group.

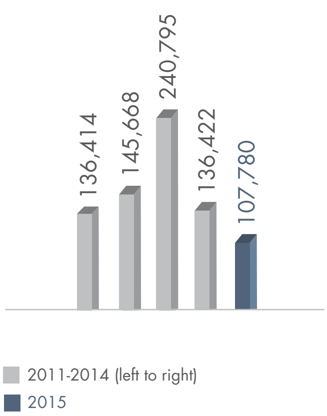
With the support of all our stakeholders, I believe that the Group is well positioned to look ahead to 2016 with cautious optimism as we continue to strive towards organisational and business excellence.

TEO HO BENG
Executive Chairman / Chief Executive Officer

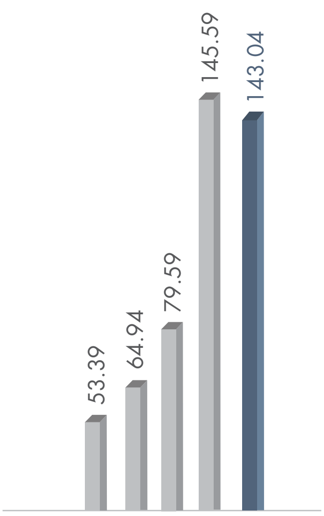
FINANCIAL HIGHLIGHTS

	2015 **$'000**	2014 $'000	2013 $'000	2012 $'000	2011 $'000
Group Income Statements					
Revenue	**107,780**	136,422	240,795	145,668	136,414
(Loss)/Profit before Taxation	**(10,776)**	331,978	96,502	66,855	54,527
Net (Loss)/Profit Attributable to Owners of the Company	**(6,874)**	321,283	79,953	57,870	47,436
Group Balance Sheets					
Non-Current Assets	**975,585**	1,082,847	174,649	29,058	16,668
Current Assets	**378,413**	484,280	652,305	557,717	575,509
Current Liabilities	**322,555**	376,944	245,853	200,218	246,534
Non-Current Liabilities	**354,711**	501,019	208,231	84,757	94,200
Equity Attributable to Owners of the Company	**673,067**	685,076	374,537	305,595	251,387
Per Share Data (Cents)					
Earnings after Tax (Basic)	**(1.46)**	68.28	16.99	12.30	10.06
Net Assets Value	**143.04**	145.59	79.59	64.94	53.39
Dividend	**1.00**	1.00	2.00	1.00	0.50
Financial Ratios					
Return on Average Shareholders' Funds (%)	**(1.01)**	59.67	23.51	20.78	20.70
Debt Equity Ratio (Times)[1]	**0.76**	0.84	1.00	0.67	1.08
Net Debt Equity Ratio (Times)[2]	**0.71**	0.79	0.69	0.60	1.04
Current Ratio (Times)	**1.17**	1.28	2.65	2.80	2.33
Dividend yield (%)	**1.45**	1.23	2.41	1.59	1.19
Dividend payout (%)	**(68.45)**	1.49	11.8	8.13	4.97

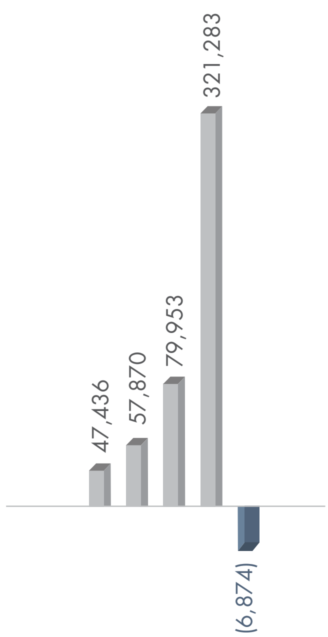
Group Revenue $'000



Net Assets Value Per Share Cents



Net (Loss)/Profit Attributable to Owners of the Company $'000



Note[1] Debt includes amount due to related companies (non-trade).
Note[2] Net debt is debt less cash and short-term deposits.

GROUP STRUCTURE

AS AT 31 DECEMBER 2015

PROPERTY DEVELOPMENT & INVESTMENT

- 100% Guan Hoe Development Pte Ltd
- 100% Bukit Panjang Plaza Pte Ltd
- 100% Cavenagh Properties Pte Ltd
- 100% Wah Hoe Development Pte Ltd
  - 60% Goodluck View Development
- 100% Hiap Hoe Strategic Pte Ltd
  - 99.01% SuperBowl Holdings Limited
    - 100% SuperBowl Jurong Pte Ltd
    - 100% Super Funworld Pte Ltd
    - 100% SuperBowl Management Pte Ltd
      - 40% Goodluck View Development
- 100% Meteorite Group Pte Ltd
  - 100% Meteorite Land Pty Ltd
    - 100% Meteorite Property (Pearl River) Pty Ltd
    - 100% Meteorite Property (Lonsdale Street) Pty Ltd
    - 100% Meteorite Property (Bourke Street) Pty Ltd
    - 100% Meteorite Property (Stirling Street) Pty Ltd
  - 100% Meteorite Development Pty Ltd
    - 100% Meteorite Development (Pearl River) Pty Ltd
    - 100% Meteorite Development (Lonsdale Street) Pty Ltd
- 100% HH Residences Pte Ltd
- 100% HH Land Pte Ltd

HOSPITALITY

- 50% HH Properties Pte Ltd
- 100% Hiap Hoe Strategic Pte Ltd
  - 99.01% SuperBowl Holdings Limited
    - 50% HH Properties Pte Ltd

CONSTRUCTION

- 100% WestBuild Construction Pte Ltd

LEISURE

- 100% Hiap Hoe Strategic Pte Ltd
  - 99.01% SuperBowl Holdings Limited
    - 100% SuperBowl Development Pte Ltd

INVESTMENTS

- 100% Hiap Hoe Investment Pte Ltd
- 100% Hiap Hoe Strategic Pte Ltd
  - 99.01% SuperBowl Holdings Limited
    - 100% SuperBowl Golf & Country Club Pte Ltd
    - 100% SuperBowl Sentosa Pte Ltd

BOARD OF DIRECTORS

TEO HO BENG

Executive Chairman / Chief Executive Officer

Last re-elected in 2014

Mr Teo was appointed as Director and Managing Director on 16 January 2003 and has been a Director of Hiap Hoe Group since 1983. He assumed the position of Chief Executive Officer on 16 January 2006, and on 11 May 2012 Mr Teo assumed the position of Executive Chairman and relinquished the position of Managing Director. He has more than 41 years of experience in the construction and property industries, and over 26 years of experience in the leisure industry. Mr Teo is responsible for the formulation of corporate strategies and policies for Hiap Hoe, and the implementation on these strategies by senior management at the operations level. He also chairs the senior management meetings to monitor Hiap Hoe's performance, and oversees management, budgeting and forecasting processes to ensure there is prudent financial management. On 28 September 2015, Mr Teo was appointed as Non-Executive Director of Ley Choon Group Holdings Limited.

ROLAND TEO HO KANG

Managing Director

Last re-elected in 2012

Mr Teo was appointed as Director on 16 January 2003. He assumed the position of Managing Director on 11 May 2012. He has been a Director of Hiap Hoe Group since 1999. With more than 26 years of experience in the property and leisure industries, Mr Teo is responsible for overseeing the marketing and promotion of Hiap Hoe's properties and their performance. He also takes care of the Group's product development and staff development. Mr Teo holds a Bachelor in Business Administration from the American Intercontinental University.

WUN MAY LING TRACY

Executive Director

Last re-elected in 2014

Appointed as Executive Director on 19 June 2013, Ms Wun is jointly responsible for the formulation and implementation of the Group's corporate strategies and policies. She is instrumental in the development and execution of the Group's strategic and business decisions including the Group's overseas expansion plans and corporate investments. In 2013, Ms Wun led the Group's strategic expansion into Australia and overseas markets, charting the direction of the Group's future engine of growth. Ms Wun is also responsible for the Group's Finance & Treasury functions, including engaging and negotiating with bankers, lawyers, financial advisors and tax advisors, and formulating strategic investment decisions on corporate finance matters, corporate M&As, etc. Ms Wun also takes charge of the Group's investor relations and public relations, corporatising the Group's profile in the investment community. Ms Wun is currently a Committee Member of the Singapore Institute of Directors, Membership Committee.

BOARD OF DIRECTORS

CHAN BOON HUI
Lead Independent,
Non-Executive Director
Last re-elected in 2014

Mr Chan was appointed as Director on 4 April 2003, and has been an Independent Director of Hiap Hoe since 2003. He was appointed as Lead Independent Director on 12 May 2015. He is presently the Managing Director of Chancery Capital Pte Ltd. He has more than 15 years of investment banking experience with OCBC Bank, BNP Paribas and the Rothschilds Group in Singapore and New York. Mr Chan graduated from Cambridge University (UK) with a Master of Arts (Hons) (Law) in 1994, and is a Chartered Financial Analyst.

RONALD LIM CHENG AUN
Independent,
Non-Executive Director

Mr Lim was appointed as an Independent and Non-Executive Director of Hiap Hoe on 28 April 2015. He is also an Independent and Non-Executive Director of public listed Viva Industrial Trust and some private organisations. Mr Lim has more than 36 years of experience in the banking and finance industry. He was with United Overseas Bank Limited where he previously held leadership and management positions as Head of Human Resource, Head of its Singapore Branches Operations and Division Head of Commercial Banking and last held the position of an Executive Director. From 2009 to 2011, Mr Lim was Advisor to RGE Pte Ltd, a resource based and manufacturing group in the paper & pulp, palm oil and oil and gas industries. Mr Lim is currently the Chairman of Toa Payoh West Balestier Citizens' Consultative Committee. He has been awarded the Public Service Medal (1983) and Public Service Star (2007). Mr Lim graduated from the University of Singapore with a Bachelor of Social Science majoring in Economics.

KOH KOK HENG, LESLIE
Independent,
Non-Executive Director

Mr Koh was appointed as an Independent and Non-Executive Director of Hiap Hoe on 28 April 2015. He is currently the Chief Financial Officer ("CFO") and interim Chief Executive Officer of Pacific Healthcare Holdings Limited. Mr Koh has more than 20 years' experience in investment banking and financial management, advising and leading companies listed in Singapore and elsewhere in Asia on primary and secondary markets capital-raising, mergers and acquisitions, as well as on corporate governance. He has also managed a number of initial public offerings on the SGX-ST. As CFO, Mr Koh leads the Group's financial management in the areas of financial strategy, governance, accounting and risk management. Prior to Pacific Healthcare, he was the CFO at SunMoon Food Company Ltd, overseeing financial strategy, mergers and acquisitions, capital-raising, bank financing, share placements, as well as developing and implementing the roadmap for acquisitions, earnings diversification and ongoing restructuring. His previous roles included Partner and Head of Corporate Finance at Ernst & Young Singapore, where he was in charge of all equity investment banking activity including leading the firm's first initial public offering advisory, and senior leadership positions in investment banking at BNP Paribas and UBS. Mr Koh holds a Bachelor of Social Science (Honours) degree in Economics from the National University of Singapore and a Master's degree in Accounting.

KEY MANAGEMENT

TEO POH SIM

Head, HR & Admin

Ms Teo joined the Group on 1 February 2003 and is responsible for formulating the human resource and administration policies of the Group. Ms Teo possesses more than 14 years of experience in human resource and administration and oversees the Group payroll, staff welfare and staff development as well as administration. Ms Teo holds a Bachelor of Arts degree from the Pacific Union College (USA).

TEO HO KHEONG

Executive Director of Subsidiaries

Mr Teo has been appointed as Executive Director of a few major subsidiaries of the Group. Mr Teo is responsible for the business development of SuperBowl's bowling business and assists in the formulation of its operational and marketing plans.

IRENE CHEAH LAN KWEE

Financial Controller

Ms Cheah joined the Group on 29 June 2015 and is responsible for accounting and taxation functions of the Group. Prior to joining the Group, she was the Vice President Finance with The Straits Trading Company Limited and was responsible for financial and management reporting, budget, tax as well as cash and risk management in relation to the Group's various business sectors. She was actively involved in some of the Group's merger and acquisition projects. Ms Cheah is a Chartered Accountant of Singapore and is a Fellowship member of The Association of Chartered Certified Accountants.

CHEW CHAR CHOON

Head, Construction

Mr Chew joined the Group in March 2012 and is responsible for managing the Hiap Hoe's construction arm in Singapore and is the management representative for the Group's construction arm ISO 9000, 14000 & OHSMS programmes and certifications. Mr Chew has 26 years of working experience in the construction industry and spent over 20 years with an A1 contractor prior to joining the Group. Mr Chew graduated from South Dakota State University with Bachelor of Science in Civil Engineering.

TEO KENG JOO, MARC

Head, Project Management & Contracts

Mr Teo is responsible for managing the Group's project related matters for all developments in Singapore and Australia. Mr Teo previously held the position of Construction Project Manager for two years and Project Management Executive for one year. Prior to joining Hiap Hoe, Mr Teo spent two years with Ernst & Young Singapore. Mr Teo graduated from Nanyang Technological University with a Bachelor of Accountancy (First Class Honours) degree and holds a diploma in Quantity Surveying conferred by Global School of Technology & Management and articulated by Heriot Watt University, UK.

RISK MANAGEMENT

ECONOMIC AND REGULATORY RISK

Changes in the economic conditions and regulatory measures will inevitably affect the business environment that the Group operates in. Measures imposed by the government can change consumers' buying behaviour and impact acquisition costs of land banks, thereby affecting the financial results of the Group. The Group adopts a prudent approach towards acquisition as well as its sales and marketing programs. The Group keeps abreast of the changes in economic climate and government policies to make informed decisions.

INTEREST RATE EXPOSURE

Changes in interest rate are a major influence on the bottom line because the Group's investments are mainly financed through bank borrowings. Interest rate risk is managed by arranging different credit facilities with various banks at competitive rates. Interest rate hedging instruments are also explored for further hedges against fluctuations in the cost of borrowing.

FOREIGN EXCHANGE RISK

The Group has expanded into Australia and is exposed to fluctuations in the value of the Australian Dollar ("AUD"). The Group manages foreign exchange risk by hedging the cost of equity borrowing through currency swaps. Foreign currency positions are also monitored closely through spot or forward rates.

RESPONSIVENESS TO MARKET SENTIMENTS

The single most important income generator for the Group is property sales. The ability to tune its marketing strategy to buyers' sentiments is crucial to achieving high sales volume and healthy profit margins. The next challenge for the Group will be to seek an opportune time to relaunch some projects under its portfolio.

RELIABILITY OF SUPPLIERS AND SUBCONTRACTORS

As part of good practice, the Group calls for tenders when selecting sub-contractors and suppliers for large-scale projects. This enables it to secure quality products and services at competitive prices. However, where the project size is small, the Group may from time to time, re-engage past partners who have proven track records. Project delivery is hence assured given the reliability and efficiency of these preferred subcontractors.

TIMELINESS IN COMPLETION OF PROJECTS

The Group retains a high degree of control over the timeliness of local projects as their construction is assigned to its wholly-owned construction company, WestBuild Construction Pte Ltd. Reputable project managers and contractors are selected to undertake the construction of the Group's projects overseas. Timeliness in completion and delivery ensures compliance with contractual obligations, and prevents financial loss and interruptions in cash flow.

HUMAN RESOURCE MANAGEMENT

Keeping costs low and at optimal efficiency, the Group relies on a small team of dedicated staff for their contribution. The Group has to ensure that it is able to attract and retain dedicated staff, for the success of its business. Skilful human resource management paves the way for the Group to continue on the path of growth.

BUSINESS CONTINUITY RISK

In order to sustain the business as a real estate developer, the Group needs to acquire land at competitive prices for development, but such opportunities are not always available due to industry outlook and consumer demand. To ensure continual growth, the Group has diversified its reliance on development of residential properties by venturing into hospitality, leasing and leisure businesses for stable recurring income streams.

PROPERTY DEVELOPMENT & INVESTMENT

◄ **Waterscape At Cavenagh**

Envisioned as the first home resort in the heart of the city, Waterscape At Cavenagh is a freehold residential development that spans across 101,193 sq ft in the prestigious district 9 in Singapore. Strategically located, it is just a five-minute walk away from the Orchard shopping and entertainment belt as well as easily accessible via several major transportation networks.

Situated within an exclusive residential enclave, the development has four seven-storey blocks and two six-storey blocks of one- to four-bedroom apartment units and penthouses ranging from 581 sq ft to 2,992 sq ft. It obtained its Temporary Occupation Permit in September 2014. As at 31 December 2015, 75% of this development has been sold.

HH@Kallang ►

HH@Kallang is a contemporary freehold, light industry building situated in the heart of the central region's key growth areas, namely Paya Lebar Central and the City Centre. Just 12 minutes from the city, it is served by a major transport network of three expressways (PIE/CTE/KPE) and the future Mattar Downtown Line.

With 55 exclusive units and a canteen, HH@Kallang is a prominent Business-1 address of the present and future. This development obtained its Temporary Occupation Permit in September 2015. There are 9 units sold since sales launch and have 8% committed rental leases.

Line Dancing @ Zhongshan Park

Zhongshan Mall and Hiap Hoe Building At Zhongshan Park

The Group's integrated development at Zhongshan Park, spanning a total plot area of 190,000 sq ft, is an integrated hotel-cum-commercial development in Balestier. The development comprises of a thirteen-storey Hiap Hoe Building office tower, a 50,000 sq ft two-storey retail mall as well as two internationally branded hotel franchises, Ramada Singapore At Zhongshan Park and Days Hotel Singapore At Zhongshan Park, both managed by the Wyndham Hotel Group.

With 100% occupancy at Hiap Hoe Building office tower and Zhongshan Mall with a 98% occupancy rate provides the Group with a stable recurring rental income.

380 Lonsdale Street, Melbourne

Situated in the heart of Melbourne's Central Business District, 380 Lonsdale Street comprises a 445-bay car park, 5,130 sq m of lettable office area and ground level retail tenancies.

On 30 December 2015, the Group entered into a Heads of Agreement with A. & J. Brady Pty Ltd to jointly develop this property into two mixed use towers comprising residential, commercial, office space and a hotel totalling 1,100 dwelling units. Given the prime location within Melbourne CBD with a hotel component which resonated well with A. & J. Brady Pty Ltd, the Group subsequently entered into a binding Heads of Agreement with them for the proposed sale of this property for A$60.0 million, subject to various conditions including approval of both the boards of directors of A. & J. Brady Pty Ltd and Hiap Hoe, as well as the due diligence exercise.

OPERATIONS REVIEW

◄ Marina Tower, Melbourne

The Group's inaugural integrated hotel-cum-residential development project, Marina Tower, is situated at 6-22 Pearl River Road, Docklands in Melbourne, Australia. With a site area of 3,795 sq m waterfront site, it will command panoramic views of the city skyline and Port Philip Bay. With two residential towers of 43-storey and 36-storey totalling 461 residential units, a seven-storey hotel podium which will be operated under Four Points® by Sheraton brand.

All the residential units are fully sold with a total sales value of A$269 million. Construction is expected to be completed by first quarter of 2018.

206 Bourke Street, Melbourne

206 Bourke Street is a mixed-used, freehold development located across 11,922 sq m on a freehold site with a net lettable area comprising 9,582 sq m retail and 2,340 sq m office space. It is situated within Bourke Street Mall, Melbourne's fashion, dining, entertainment and lifestyle haven in the Central Business District.

On 21 December 2015, the Group entered into a Contract of Sale with ISPT Pty Ltd to sell the property for A$116.28 million. The sale was completed on 22 January 2016.

130 Stirling Street, Perth

This stellar-grade commercial building which spans 5,033 sq m is situated along the northern fringe of Perth's Central Business District at 130 Stirling Street. It is a stone's throw away from key transportation networks like the Perth Central railway station and McIver railway station. This seven-storey property has a total net lettable area of 12,349 sq m, of which 11,863 sq m are used for office space, 486 sq m for retail space and four levels of parking bays totalling 239 car park lots.

The property has an occupancy rate of 98% as at 31 December 2015 with a stable tenancies and will continue to provide the Group with a stable recurring rental income.

HOSPITALITY

The Group's hotels in Singapore – Ramada Singapore At Zhongshan Park and Days Hotel Singapore At Zhongshan Park continued to provide steady recurring income despite challenges in the hospitality industry, where the supply of hotel rooms has been increasing substantially.

Ramada Singapore, an integrated hotel-cum-commercial development in the heritage rich Balestier/Novena district was voted in 2014 and 2015 as the Best Mid-Range Hotel by travel professionals at the 25th and 26th Annual TTG Travel Awards. Both hotels also hosted athletes and officials during the 28th SEA Games in June 2015 which further contributed towards achieving higher occupancy in 2015. The Group also saw its year-on-year revenue increase by 28% during the year in review.

On the regional front, integrated hotel-cum-residential development project, Marina Tower, Melbourne, will see a seven-storey hotel with 273 keys operated by Starwood Hotels & Resorts Worldwide under Four Points® by Sheraton, has been conceived to be one of the city's leading upscale hotels. The project is making good progress on its constructions and the Group is optimistic that its first hotel in Melbourne, will commence operation in the first quarter of 2017.

Balestier Ballroom, Ramada Singapore At Zhongshan Park

A contemporary restaurant, Flavours At Zhongshan Park

OPERATIONS REVIEW


Ah Hood Burger Eating Contest 2015

All-day dining restaurant, 21 On Rajah


Easter Day event at Zhongshan Park

OPERATIONS REVIEW

CONSTRUCTION

WestBuild Construction Pte Ltd ("WBC") is the Group's wholly-owned in-house construction arm. WBC is responsible for the delivery of all Singapore in-house property development projects by the Group. Supported by the Group's extensive market knowledge and experience in property construction, WBC plays a significant role in the completion of various property development projects across the residential, commercial and industrial segments. Its latest project , HH@Kallang, obtained its Temporary Occupation Permit in September 2015.

LEISURE & INVESTMENTS

SuperBowl continued to be a household name for families to bond, play, and grow together. Located at Jurong, SAFRA Mount Faber, SAFRA Toa Payoh and HomeTeamNS-JOM with a total of 100 lanes, SuperBowl is a key contributor to the overall performance of the Group's leisure business. Together with the Group's continuous upgrading and investment in new machines in the arcade business, which operates in a highly competitive environment, the leisure business continues to provide a recurring income for the Group which accounted for 7% or S$7.5 million of the total revenue for the year ended 31 December 2015.

Hiap Hoe continues to adopt a prudent approach with its investments, given the challenging global operating environment. In 2015, the Group recorded mark-to-market losses of S$6.5 million on its investments, which include a 53% fall in the Group's 14.9% investment in Ley Choon Group Holdings Limited's share price, owing to a weakened performance. However, Ley Choon continues to be one of the largest and leading one-stop underground utilities infrastructure companies in Singapore. Backed by a high demand of infrastructure projects from the public sector, the Group adopts a long-term approach in our investment in Ley Choon Group Holdings Limited.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Teo Ho Beng (Executive Chairman / Chief Executive Officer)
Roland Teo Ho Kang (Managing Director)
Wun May Ling Tracy (Executive Director)
Chan Boon Hui (Lead Independent, Non-Executive Director)
Ronald Lim Cheng Aun (Independent, Non-Executive Director)
Koh Kok Heng, Leslie (Independent, Non-Executive Director)

AUDIT COMMITTEE
Chan Boon Hui (Chairman)
Ronald Lim Cheng Aun
Koh Kok Heng, Leslie

NOMINATING COMMITTEE
Ronald Lim Cheng Aun (Chairman)
Chan Boon Hui
Koh Kok Heng, Leslie

REMUNERATION COMMITTEE
Koh Kok Heng, Leslie (Chairman)
Chan Boon Hui
Ronald Lim Cheng Aun

FINANCIAL CONTROLLER
Irene Cheah Lan Kwee

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AUDIT PARTNER-IN-CHARGE
Kon Yin Tong
Appointed on 7 September 2015

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CORPORATE GOVERNANCE

The board of directors (the "**Board**" or the "**Directors**") of Hiap Hoe Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is committed to uphold effective corporate procedures and policies in compliance with the Code of Corporate Governance 2012 (the "**Code**"). The Board believes that good corporate governance establishes and maintains an ethical corporate environment, which protects and enhances the interests of all shareholders.

This report describes the Company's corporate governance processes and activities that were in place throughout the financial year ended 31 December 2015 ("**FY2015**"), with specific references made to the principles and guidelines as set out in the Code. The Company has provided the rationale for each area where it has not complied with the Code, and in such cases the Company would re-assess its deviation from the relevant guidelines and implement the recommended procedures as and when it deems it appropriate to do so.

BOARD MATTERS

The Board's conduct of its affairs

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

The Board totals six (6) Board members and currently comprises three (3) Executive Directors (one of whom is both the Executive Chairman and Chief Executive Officer ("**CEO**") of the Company, and another who is the Managing Director) and three (3) Non-Executive Independent Directors. Collectively, they possess the right core competencies and diversity of experience and gender, which enables them to contribute to the overall effective management of the Group.

The role of the Board includes the following:

(a) meeting regularly to review and approve matters such as those relating to the Company's strategic directions, appointment of Directors and key management personnel, business results, and major funding and investment proposals;
(b) reviewing the financial performance of the Group;
(c) supervising the management of the business and affairs of the Group;
(d) reviewing the adequacy of the Group's internal controls and risk management framework;
(e) setting the Group's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met;
(f) assuming responsibility for the corporate governance of the Group;
(g) ensuring that all decisions are made in the interests of the Group.

The Board is free to request for further clarification and information from the Company's management team (the "**Management**") on all matters within their purview. The Board will conduct at least four (4) meetings in a year and ad-hoc meetings will be convened, when required. The Company's Constitution (formerly known as the Memorandum and Articles of Association) provides for the Board to convene meetings via telephone conferencing and electronic means. In addition to holding meetings, important matters concerning the Group are also put to the Board for its decision by way of written resolutions.

In order to provide an independent oversight and to discharge its responsibilities more efficiently, the Board has delegated certain functions to various committees (the "**Committees**"). These Committees are the Audit and Risk Committee ("**ARC**"), the Remuneration Committee ("**RC**"), and the Nominating Committee ("**NC**"). The chairman of the respective Committees will report and update the Board on the outcome of the Committee meetings and their recommendations on the specific agendas mandated to the Committee by the Board.

The Board accepts that, while these Committees have the authority to examine particular issues and will report back to the Board with their decision and/or recommendations, the ultimate responsibility on all matters lies with the Board. In particular, the Board notes that it has overall responsibility for putting in place a framework of good corporate governance in the Group, including the processes for financial reporting and compliance.

CORPORATE GOVERNANCE (Cont'd)

Records of the attendance of the Directors at the various meetings held during FY2015 are as follows:

NAME OF DIRECTOR	BOARD	AUDIT AND RISK COMMITTEE[1]	REMUNERATION COMMITTEE	NOMINATING COMMITTEE
Number of meetings held:	4	4	1	1
Number of meetings attended:				
Mr Teo Ho Beng	4	4*	1*	1*
Mr Roland Teo Ho Kang[2]	-	N.A.	N.A.	N.A.
Ms Wun May Ling Tracy	4	4*	1*	1*
Mr Chan Boon Hui[3]	4	4	1	1
Mr Ronald Lim Cheng Aun[4]	3	3	-#	-#
Mr Koh Kok Heng, Leslie[5]	3	3	-#	-#

Notes:
*Attendance by invitation.
No RC or NC meetings were held during the financial year after their appointments as Directors.

1. The Audit Committee of the Company has been renamed the ARC with effect from 16 November 2015.
2. Mr Roland Teo Ho Kang was away for an extended leave of absence due to medical reasons.
3. Mr Chan Boon Hui was appointed as chairman of the ARC on 28 April 2015.
4. Mr Ronald Lim Cheng Aun was appointed as a Non-Executive Independent Director of the Company on 28 April 2015. Pursuant to his appointment, Mr Ronald Lim Cheng Aun was also appointed as chairman of the NC and a member of each of the ARC and RC.
5. Mr Koh Kok Heng, Leslie was appointed as a Non-Executive Independent Director of the Company on 28 April 2015. Pursuant to his appointment, Mr Koh Kok Heng, Leslie was also appointed as chairman of the RC and a member of each of the ARC and NC.

The Board has adopted internal guidelines setting out the following matters which require the Board's approval:

(a) transactions involving a conflict of interest for any substantial shareholder or Director;
(b) material acquisitions and disposals of assets;
(c) corporate or financial restructuring and share issuances, dividends and other returns to shareholders; and
(d) matters as specified under the Company's interested person transaction policy.

Newly-appointed Directors are provided with background information about the Group and are invited to visit the Group's operations and facilities to have an understanding of the Group's business operations. Formal letters were issued to newly-appointed Directors upon their appointment explaining their statutory and other duties and responsibilities as a Director of the Company.

Directors are encouraged to participate in seminars, discussion groups, or external training programmes to be kept abreast of the latest developments relevant to the Group's businesses. The Board also receives updates from time to time, particularly on relevant new laws and regulation, changing commercial risks, and business conditions from the Company's relevant advisors and the Management.

As at the date of this annual report, our Directors have participated in seminars and other such external programmes, including without limitation an audit committee seminar jointly organised by the Accounting and Corporate Regulatory Authority ("ACRA"), the Singapore Exchange Securities Trading Limited ("SGX-ST"), and the Singapore Institute of Directors ("SID") on 12 January 2016. In addition, all the Directors attended a briefing on the amendments to the Companies Act, Chapter 50, which was conducted by a law firm.

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 three (3) Executive Directors and three (3) Non-Executive Independent Directors. No alternate Director was appointed in FY2015. There is a strong and independent element on the Board. The members of the Board are as follows:

Executive Directors
Mr Teo Ho Beng (Executive Chairman / CEO)
Mr Roland Teo Ho Kang (Managing Director)
Ms Wun May Ling Tracy (Executive Director)

Non-Executive Independent Directors
Mr Chan Boon Hui (Lead Independent Director)
Mr Ronald Lim Cheng Aun (Independent Director)
Mr Koh Kok Heng, Leslie (Independent Director)

Mr Teo Ho Beng holds both the positions of the Executive Chairman and the CEO of the Company. Guideline 2.2 of the Code requires that independent directors make up at least half of the board where the chairman of the board and the CEO is the same person. This requirement has been complied with, with the presence of three (3) Non-Executive Independent Directors on the Board. Accordingly, there is a strong independent element on the Board.

The independence of each Non-Executive Independent Director is reviewed annually by the NC. The NC has adopted the Code's definition of what constitutes an independent director in its review. Pursuant to guideline 2.3 of the Code, an "independent" director is one who has no relationship with the company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the company.

The Board has identified each of the Company's Non-Executive Independent Directors to be independent, after determining, taking into account the views of the NC, whether the Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. Each Director is required to disclose to the Board any such relationships or circumstances as and when it arises. In addition, every year, each Non-Executive Independent Director is required to complete the Director's independence form to confirm his or her independence annually based on the guidelines set out in the Code.

Mr Chan Boon Hui has served on the Board for more than nine (9) years from the date of his first appointment. Pursuant to guideline 2.4 of the Code, the independence of such directors should be subject to particularly rigorous review. Taking into account the views of the NC, as well as the need for progressive refreshing of the Board, the Board has reviewed and considered Mr Chan Boon Hui to be independent. Among other reasons, Mr Chan Boon Hui has throughout his appointment continuously and constructively challenged the Management on business decisions and remained objective in the discharge of his duties and responsibilities.

The Board's structure, size and composition are reviewed annually by the NC. The NC, with the concurrence of the Board, is of the view that the Board's current size is appropriate and has the right mix of skills and experience given the nature and scope of the Group's operations. The Directors as a group provides a diversity of skills, knowledge, and gender (with one female Director on the Board), as well as extensive experience in business management, strategic planning, and knowledge in accounting and finance, all of which are crucial in steering the Group towards the direction of growth.

The Board notes that the Company's Non-Executive Independent Directors are able to constructively challenge the Management's mindset and planning, with a view to the best interest of the Group. They also play a crucial role in helping the Management develop proposals on business strategy and in reviewing the performance of the Management. The Company would arrange to avail the Company's premises for use by the Non-Executive Independent Directors at any time to meet regularly without the presence of the Management.

Details of the Directors' academic and professional qualifications can be found on pages 6 and 7.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

Principle 3: There should be a 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.

Mr Teo Ho Beng, is the Executive Chairman and CEO of the Company. Mr Roland Teo Ho Kang, brother of Mr Teo Ho Beng, is the Managing Director of the Company.

As the Executive Chairman, Mr Teo Ho Beng performs the following in relation to Board proceedings:

(a) schedule meetings that enable the Board to perform its duties responsibly while not interfering with the Company's operations;
(b) prepare meeting agendas in consultation with the Managing Director;
(c) exercise control over quality, quantity and timeliness of the flow of information between the Management and the Board;
(d) promote a culture of openness and debate at the Board;
(e) facilitate the effective contribution of the Non-Executive Independent Directors in particular to the Board and Group affairs; and
(f) assist in ensuring compliance by the Company with the Code's guidelines on corporate governance.

The Executive Chairman and CEO is responsible for the day-to-day management of the Group and in developing the businesses of the Group. Major decisions made by the Executive Chairman and CEO, and the Managing Director, are reviewed by the ARC and approved by the Board.

As the positions of Executive Chairman and CEO are both held by the same person who is part of the Management, pursuant to guideline 3.3 of the Code, Mr Chan Boon Hui, an Independent Director has been appointed to be the Lead Independent Director. The Lead Independent Director is available to shareholders whenever they have concerns and for which contact through the normal channels of the Executive Chairman and CEO, and the Managing Director, has failed to resolve or is inappropriate.

Led by the Lead Independent Director, the Non-Executive Independent Directors will meet once a year without the presence of the other Executive Directors. After such meetings, the Lead Independent Director would provide feedback to the Executive Chairman and CEO.

As such, the Board is of the view that for FY2015 there are adequate safeguards in place to ensure a balance of power and authority on the Board, such that no one individual represents a considerable concentration of power.

BOARD MEMBERSHIP

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

The NC comprises the following members of whom three are Independent Directors:

1) Mr Ronald Lim Cheng Aun (Chairman of the NC / Independent Director)
2) Mr Chan Boon Hui (Lead Independent Director)
3) Mr Koh Kok Heng, Leslie (Independent Director)

The principal functions of the NC include the following:

(a) identifying and making recommendations to the Board as to the Directors who are to retire by rotation and who are to be put forward for re-election at each annual general meeting ("AGM") of the Company;
(b) determining annually whether or not a Director is independent;
(c) deciding, in relation to a Director who has multiple board representations, whether or not such Director is able to and has been adequately carrying out his duties as a Director of the Company;
(d) identifying and nominating candidates for the approval of the Board to fill vacancies in the Board as and when they arise;
(e) reviewing and making recommendations to the Board regarding the Board's structure, size, composition, and core competencies, having regard at all times to the principles of corporate governance and the Code;
(f) evaluating the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board; and
(g) reviewing training and professional development programmes.

New Directors are appointed by way of a Board resolution after the NC has approved their nomination. These new Directors must submit themselves for re-election at the next AGM of the Company in accordance with Article 91 of the Company's Constitution. The NC would through various avenues, source for suitable candidates as new Director(s) and appraises the candidates to ensure they have the relevant experience and calibre to contribute effectively to the Group. These avenues include the Directors' personal contacts, search companies or through internal assessments conducted on any suitable candidates within the Group.

The Company would release announcements on the appointments or cessations of its Directors on SGXNET. The resignations of Mr Chan Wah Tiong and Ms Kwok Chui Lian as Directors of the Company, and the appointments of Mr Ronald Lim Cheng Aun and Mr Koh Kok Heng, Leslie were announced on 27 April 2015 and 28 April 2015 respectively. Pursuant to Article 91 of the Company's Constitution, both Mr Ronald Lim Cheng Aun and Mr Koh Kok Heng, Leslie as newly-appointed Directors in FY2015 shall submit themselves for re-election at the forthcoming AGM of the Company.

The NC makes recommendations to the Board on all Board appointments and re-nominations. The NC has conducted the annual review of the Directors' independence based on the Code's definition for independence for FY2015. The NC, having evaluated the independence of each Non-Executive Independent Director, is of the view that Mr Chan Boon Hui, Mr Ronald Lim Cheng Aun and Mr Koh Kok Heng, Leslie are independent.

The Company's Constitution provides for at least one-third of the Directors, other than the Managing Director, to retire from office by rotation at each AGM. The retiring Directors shall be eligible for re-election at the AGM. The Company's Constitution also provides that MDs are not subject to retirement by rotation.

The Board has accepted the NC's nomination of Mr Teo Ho Beng who is retiring pursuant to Article 106 of the Company's Constitution for re-election at the Company's forthcoming AGM. The Board has also accepted the NC's nomination of Mr Ronald Lim Cheng Aun and Mr Koh Kok Heng, Leslie who are retiring pursuant to Article 91 of the Company's Constitution for re-election at the forthcoming AGM.

CORPORATE GOVERNANCE (Cont'd)

The NC is also tasked with deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director, particularly when he has multiple board representations. For the avoidance of doubt, all Directors are required to declare their board representations to the Board and the Management. As a guide, Directors should not have more than six (6) listed companies board representations and other principal commitments. After conducting reviews, the NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group.

Details of the appointment of each Director, including the date of initial appointment and the date of last re-election as a Director of the Company, as well as their directorships in other listed companies, both current and for the preceding three (3) years, are set out below:

Name of Director	Date of Initial Appointment	Date of Last Re-election	Directorship in Listed Companies	
			Past Preceding 3 Years	Present
Mr Teo Ho Beng	16 Jan 2003	17 Apr 2014	SuperBowl Holdings Limited(1)	Ley Choon Group Holdings Limited
Mr Roland Teo Ho Kang	16 Jan 2003	N.A.(2)	SuperBowl Holdings Limited(1)	-
Ms Wun May Ling Tracy	19 Jun 2013	17 Apr 2014	SuperBowl Holdings Limited(1)	-
Mr Chan Boon Hui	04 Apr 2003	17 Apr 2014	-	i) JCY International Berhad ii) Gamma Civic Ltd.
Mr Ronald Lim Cheng Aun	28 Apr 2015	N.A.(3)	-	Viva Industrial Trust
Mr Koh Kok Heng, Leslie	28 Apr 2015	N.A.(3)	-	-

Notes:

(1) SuperBowl Holdings Limited was de-listed from the SGX-ST on 27 June 2014.

(2) Articles 103 and 106 of the Company's Constitution provide that as the Managing Director of the Company, Mr Roland Teo Ho Kang is not subject to retirement by rotation while he continues to hold that position and he shall not be taken into account in determining the number of Directors to retire.

(3) Pursuant to Article 91 of the Company's Constitution, both Mr Ronald Lim Cheng Aun and Mr Koh Kok Heng, Leslie as newly-appointed Directors in FY2015, shall submit themselves for re-election at the Company's forthcoming AGM.

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.

Once every financial year, all Directors are requested to complete a Board performance evaluation questionnaire to assess the overall effectiveness of the Board for the year under review. The Company's joint company secretaries (the "**Joint Company Secretaries**") will compile the Directors' responses to the questionnaire into a summarised report and circulate the same to the Board for discussion. The results of the exercise are reviewed by the NC before submission of the same to the Board for further discussion. The Board will determine areas for improvement and methods to enhance Board effectiveness.

For FY2015, the NC had evaluated the Board's performance as a whole, including the participation and contribution of individual Directors to the management of the Company at Board and Committee Meetings. To assess the effectiveness of the Board as a whole, the factors considered by the NC include but are not limited to:

(a) the current size and composition of the Board;
(b) the discussion and decision-making processes of the Board (including quality of the Board's conduct of meetings);
(c) the Board's access to information;
(d) the observation of risk management and internal control policies by the Board; and
(e) the performance of the Board (including the Board's performance in relation to the discharge of its principal responsibilities in terms of the financial indicators set out in the Code).

To assess the contribution of each individual Director, the factors evaluated by the Nominating Committee include but are not limited to:

(a) his or her participation at the meetings of the Board;
(b) his or her ability to contribute to the discussions conducted by the Board;
(c) his or her ability to evaluate the Company's strength and weaknesses and make informed business decisions;
(d) his or her ability to interpret the Company's financial reports and contribute to the formulation of strategies, budgets and business plans that are compatible with the Group's vision and existing business strategy;
(e) his or her compliance with the policies and procedures of the Group;
(f) his or her performance of specific tasks delegated to him or her;
(g) his or her disclosure of any related person transactions or conflicts of interest; and
(h) for Independent Directors, his or her independence from the Group and the Management.

With respect to FY2015, the Board, in consultation with the NC, considered the performance of each individual Director and the Board to be satisfactory. For the avoidance of doubt, each member of the NC abstained from voting on any resolution in respect of the assessment of his performance or re-nomination as Director.

ACCESS TO INFORMATION

Principle 6: Board members to have complete, adequate and timely information

Board members are provided with detailed information from the Management as and when requested by them and all relevant information on material events and transactions are circulated to the Directors as and when they arise. Draft announcements, along with sufficient information relating to the context of the relevant announcement as communicated by email or tele-conversations, will be circulated to the Board for review and approval before dissemination to the shareholders via SGXNET.

The Joint Company Secretaries would assist the Management to prepare the board papers of the Board and Committee meetings for circulation. The Directors receive the board papers at least two (2) days before the meeting so that they have ample time to review the documents. The board papers include, among others, the following documents and details:

- background or explanation on matters brought before the Board and Committees for their decision or information, including issues being dealt with by Management, relevant forecasts, and projections; and
- minutes of the previous Board and Committee meeting.

All Board members have separate and independent access to the advice and services of the Joint Company Secretaries. The Joint Company Secretaries are responsible for ensuring that Board procedures (including those stipulated in the Company's Constitution) are followed and that applicable rules and regulations (including the requirements of the Singapore Companies Act (Cap. 50) and the SGX-ST Listing Manual) are complied with. At least one Joint Company Secretary and/or her representatives are present at all Board meetings, to ensure that Board procedures are complied with and to provide advice and guidance on matters of corporate governance as well as on legal and regulatory compliance. The appointment and cessation of the Joint Company Secretaries are subject to the approval of the Board.

Should Directors, whether as a group or individually, need independent advice to fulfill their duties, they may obtain independent professional advice, if necessary, at the Company's expense.

REMUNERATION MATTERS

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.

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) the 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 is necessary for this purpose.

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.

The RC comprises entirely of Non-Executive Independent Directors and they are:

1) Mr Koh Kok Heng, Leslie (Chairman of the RC / Independent Director)
2) Mr Chan Boon Hui (Lead Independent Director)
3) Mr Ronald Lim Cheng Aun (Independent Director)

One of the key roles of the RC is to review and recommend to the Board a general framework of remuneration for the Directors. In addition, the RC is responsible for administering the Hiap Hoe Performance Share Plan (the "**Share Plan**"), further details of which are available below. For the avoidance of doubt, no Director or member of the RC is involved in deciding his own remuneration.

Remuneration matters concerning the Board, key management personnel, and employees who are immediate family members of a Director

The Company adopts a remuneration policy for Executives Directors and key management executives, which comprises a fixed component and a variable component. The fixed component is in the form of a monthly base salary, whereas the variable component is in the form of a variable bonus that is linked to the performance of the Company and the individual.

The RC's objective is to establish and maintain a level of remuneration that would be appropriate to attract, retain and motivate the Directors to run the Company successfully. The RC has adopted a framework of remuneration for the Board and determined specific remuneration packages for each Executive Director. The recommendations of the RC are submitted to the Board for endorsement.

The Executive Directors have service agreements which are renewed annually. The service agreements may be terminated by either the Company or the Executive Directors by giving six (6) months' written notice to the other party. The RC also reviews 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 which are not overly generous.

The Company is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of Executive Directors' remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss, as they owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

CORPORATE GOVERNANCE (Cont'd)

Non-Executive Independent Directors are paid Directors' fees, taking into consideration individual contribution, attendance at various meetings, and responsibilities held at the Committee level. The breakdown of those fees is as follows:

Independent / Non-Executive Director	$37,000
Chairman of Audit and Risk Committee	$15,000
Chairman of Remuneration Committee	$ 5,000
Chairman of Nominating Committee	$ 5,000

Such fees are subject to the approval of shareholders at the AGM every year.

The members of the RC possess general knowledge in the field of executive remuneration and/or compensation and have access to external professional advice. The RC ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individuals.

To avoid poaching of the Company's staff and in the interest of privacy and confidentiality, the Company is not disclosing the total remuneration of the Directors and top key management personnel of the Group in the annual report. However, the Company shall disclose the remunerations in bands of S$250,000 and provide a detailed breakdown in percentage terms of the same.

Details of the remuneration of the Directors (in percentage terms) are as follows:

Directors' Remuneration	Fees[1]	Salary[2]	Bonus[3]	Other Benefits[4]	Total
$250,000 and below					
Mr Chan Boon Hui	100%	0%	0%	0%	100%
Mr Ronald Lim Cheng Aun *	100%	0%	0%	0%	100%
Mr Koh Kok Heng, Leslie *	100%	0%	0%	0%	100%
Mr Chan Wah Tiong #	100%	0%	0%	0%	100%
Ms Kwok Chui Lian #	100%	0%	0%	0%	100%
Between $250,001 to $500,000					
Mr Roland Teo Ho Kang	0%	0%	0%	100%	100%
Ms Wun May Ling Tracy	0%	63%	31%	6%	100%
Between $2,000,001 to $2,500,000					
Mr Teo Ho Beng	0%	66%	33%	1%	100%

Notes:

* Appointed on 28 April 2015.

\# Resigned on 27 April 2015.

(1) Directors' fee proposed for FY2015, pro-rated where applicable.

(2) Salary includes gross salary and Central Provident Fund ("CPF") contribution.

(3) Bonus includes salary and CPF contribution.

(4) Other benefits include use of the company car, its maintenance costs, and/or club subscriptions.

CORPORATE GOVERNANCE (Cont'd)

The range of gross remuneration received by the top five (5) executives (excluding Executive Directors and CEO) of the Group is as follows:

Top Five (5) Executives' Remuneration	Salary[1]	Bonus[2]	Other Benefits[3]	Total
Between $250,001 to $300,000				
Ms Teo Poh Sim	64%	31%	5%	100%
$250,000 and below				
Mr Teo Ho Kheong	59%	29%	12%	100%
Mr Chew Char Choon	75%	20%	5%	100%
Mr Teo Keng Joo, Marc	75%	23%	2%	100%
Ms Teo Poh Ho	63%	31%	6%	100%

Notes:
(1) Salary includes gross salary and CPF contribution.
(2) Bonus includes salary and CPF contribution.
(3) Other benefits include use of the company car and reimbursement of petrol, car park charges, taxes, and other such expenses.

The remuneration of employees who are immediate family members of a Director or the Executive Chairman is disclosed below:

Remuneration Bands	Number of Employees
$100,001 to $150,000	2
$150,001 to $200,000	2
$200,001 to $250,000	1
$250,001 to $300,000	1

Mr Teo Keng Joo, Marc is the son of Mr Teo Ho Beng whose remuneration ranged between $100,001 and $150,000 for FY2015.

Ms Sin Wong Chan is the wife of Mr Teo Ho Beng whose remuneration ranged between $100,001 and $150,000 for FY2015.

Ms Teo Poh Ho and Ms Teo Poh Leng are the sisters of Mr Teo Ho Beng and Mr Roland Teo Ho Kang whose remuneration ranged between $150,001 and $200,000 for FY2015.

Mr Teo Ho Kheong is the brother of Mr Teo Ho Beng and Mr Roland Teo Ho Kang whose remuneration ranged between $200,001 and $250,000 for FY2015.

Ms Teo Poh Sim is the sister of Mr Teo Ho Beng and Mr Roland Teo Ho Kang whose remuneration ranged $250,001 and $300,000 for FY2015.

Hiap Hoe Performance Share Plan

On 20 April 2010, the Company obtained shareholders' approval to implement the Hiap Hoe Performance Share Plan (the "**Plan**"). The Plan replaces the Employees' Share Options Scheme which was approved by the shareholders on 28 April 2004.

The Plan is a share incentive scheme which allows the Company, *inter alia*, to set specific performance objectives and provide an incentive for participants to achieve these set targets. The Directors believe that the Plan will help the Company achieve the following objectives:

(a) incentivise employees to excel in their performance and encourage greater dedication and loyalty to the Company;

(b) attract and retain employees whose contributions are important to the long-term growth and profitability of the Group;

(c) recognise and reward past contributions and services and motivate employees to continue to strive for the Group's long-term prosperity; and

(d) develop a participatory style of management which instills loyalty and a stronger sense of identification with the long-term goals of the Group.

The award of fully-paid shares, free of charge, to the participants of the Plan (the "**Award**") is intended to be a more attractive form of bonus from the Company to the Plan participants. In addition, the Company believes that the Plan will be more effective than cash bonuses in motivating employees as it gives them a stake in the ownership of the Company.

Employees who are eligible to participate in the Plan must be:

(a) <u>Group Employees</u>:

  (i) confirmed full-time employees of the Company and/or its subsidiaries who have attained the age of 21 years on or before the date of Award; or

  (ii) Directors of the Company and subsidiaries who perform an executive function.

(b) <u>Associated Company Employees</u>:

  (i) confirmed full-time employees of an associated company who have attained the age of 21 years on or before the date of Award; or

  (ii) Directors of an associated company who perform an executive function.

Employees and Executive Directors who are controlling shareholders or associates of controlling shareholders and who meet the criteria as set out above are eligible to participate in the Plan.

The Plan is being administered by the RC. As at the date of this annual report, the RC comprises Mr Chan Boon Hui, Mr Ronald Lim Cheng Aun and Mr Koh Kok Heng, Leslie. In compliance with the requirements of the Listing Manual, a participant who has been granted an Award and who is a member of the RC shall not be involved in the deliberations in respect of Awards to be granted to or held by him or his associates.

The RC may grant Awards to the participants at any time during the period when the Plan is in force. The Plan shall continue in force at the discretion of the RC, subject to a maximum period of 10 years from 20 April 2010.

The number of shares which are the subject of each Award to be granted to a participant in accordance with the Plan shall be determined at the absolute discretion of the RC, which shall take into account criteria such as, *inter alia*, the participant's rank, scope of responsibilities, performance, years of service and potential for future development, contributions to the success of the Group, and the extent of effort and resourcefulness displayed by the participant by which the relevant performance target(s) was achieved during the performance period. The performance targets will be set by the RC depending on each individual participant's job scope and responsibilities.

The total number of new shares which may be issued under the Plan, when aggregated with the total number of shares granted under any other share schemes of the Company, shall not exceed fifteen per cent (15%) of the issued shares of the Company (excluding treasury shares) on the day preceding the date of granting the Award.

In accordance with Rule 845 of the Listing Manual, the Company observes that the following limits must not be exceeded:

(a) the aggregate number of shares available under the Plan must not exceed 15% of the total number of issued shares excluding treasury shares from time to time;

(b) the aggregate number of shares available to controlling shareholders and their associates must not exceed 25% of the new shares available under the Plan;

(c) the number of shares available to each controlling shareholder or his associate must not exceed 10% of the new shares available under the Plan; and

(d) the aggregate number of shares available to Directors and employees of the parent company and its subsidiaries must not exceed 20% of the new shares available under the Plan.

No performance shares were granted for FY2015.

ACCOUNTABILITY AND AUDIT

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

The Board is accountable to shareholders for the management of the Group. The Board is mindful of its obligations to provide an assessment of the Company's performance and will update shareholders on the operations and financial position of the Company through quarterly and full year results announcements through SGXNET. The Board will also release timely announcements of other matters to ensure full disclosure of material information, as prescribed by the SGX-ST Listing Manual and other relevant rules and regulations. In particular, price sensitive information is publicly announced before it is communicated to any other interested person.

The Management, who is accountable to the Board, provides the Board with the necessary financial information for the discharge of the Board's disclosure duties. The Board is provided with periodic financial reports and other relevant disclosure documents, where appropriate, by the Management.

Further to the above, the Company also completes and submits compliance checklists to SGX-ST (if applicable and when required) to ensure that all announcements, circulars or letters to shareholders comply with the requirements set out in the SGX-ST Listing Manual. The Board is also notified by the Management, the Joint Company Secretaries, and the Company's auditors on any statutory changes or updates in regulatory or accounting standards affecting the Group. The Board will, after reviewing the necessary documents and/or discussions at any Board or Committee meetings, take action where it deems appropriate to do so to ensure that the Group complies with the prescribed requirements.

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 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 Company has put in place a risk management and internal controls system in relation to the Group's financial, operational, compliance and information technology controls. Risk management and internal controls are detailed in formal instructions, standard operating procedures, and financial authority limits policies. The principal aim of the internal control system is the management of business risks with a view to safeguard shareholders' investments and the Group's assets.

In the previous financial year, the Board looked into establishing a separate risk committee in overseeing the Company's risk management framework and execution of policies. The result of these discussions was the renaming of the Audit Committee of the Company as the Audit and Risk Committee and the re-drafting of the Audit Committee's terms of reference to reflect the new committee's responsibility in overseeing the Company's risk management framework and policies.

The Management maintains the risk management and internal controls system and the Board monitors the Group's risks through the ARC and the Company's internal auditors. In designing these controls, the Company has considered the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them.

The Group maintains a system of internal controls for all companies within the Group. The Board acknowledges that it is responsible for the overall internal controls framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities, as such systems are designed to manage rather than eliminate all risks of failure in achieving business objectives. The internal controls system is implemented to provide reasonable, but not absolute, assurance against material misstatement or loss, with a view to safeguard shareholders' investments and the Group's assets.

The Group has adopted the Enterprise Risk Management ("ERM") framework pursuant to which it has established risk management policies and guidelines for adoption. The ERM framework is designed to enable management to address the operational risks, financial risks, and compliance risks of key operating units in the Group. The ERM sets out the following processes:

(a) identifying each risk factor which the Group is exposed to;
(b) quantifying each exposure's size in terms of cash valuations;
(c) inserting these figures into a risk estimation calculation and mapping out the results;
(d) identifying the Group's overall risk exposures as well as the contribution to the overall risk as derived from each risk factor;
(e) setting up a process to report on these risks periodically to the Management, who will set a committee of division heads and executives to determine capital allocations, risk limits, and risk management policies; and
(f) monitoring the Group's compliance with these policies and risk limits.

The ERM provides a point of reference for the Company to address the on-going changes and challenges in its business environment, manage and reduce commercial uncertainties, facilitate shareholder value creation process, and assist the ARC and the Board in discharging their responsibilities.

The ARC and the Board of Directors review the effectiveness of the key internal controls including financial, operational, compliance and information technology controls, as well as risk management systems on an on-going basis, such reviews of which are carried out internally or with the assistance of any competent third parties. In particular, it was noted by the ARC and the Board that the Company's external auditors confirmed that proper accounting records are maintained for FY2015 and that the financial information used for business purposes and for publication in the relevant financial period is reliable.

In addition, the Board has received assurance from the CEO and the Financial Controller for FY2015:

(a) 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

(b) that the Company's risk management and internal control systems are in place and effective.

Based on the ERM framework and internal controls established and maintained by the Company, work performed in conjunction with the statutory audit, and reviews performed by the Management, various Board Committees and the Board, the Board, with the concurrence of the ARC, is satisfied that there are adequate internal controls and risk management systems in the Group for FY2015 addressing any financial, operational, compliance and information technology control risks. The Company has thereby complied with Rule 1207(10) of the SGX-ST Listing Manual.

AUDIT AND RISK COMMITTEE

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

The ARC comprises entirely of Non-Executive Independent Directors and the members are as follows:

1) Mr Chan Boon Hui (Chairman of the ARC / Lead Independent Director)
2) Mr Ronald Lim Cheng Aun (Independent Director)
3) Mr Koh Kok Heng, Leslie (Independent Director)

The role of the ARC is to assist the Board of Directors in the execution of its corporate governance responsibilities within its terms of reference and requirements.

The functions of the ARC include:

(a) reviewing any significant financial reporting issues so as to preserve the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
(b) reviewing with the external auditors, the audit plan, their evaluation of the adequacy of the Company's system of internal accounting controls, their audit report, the Management's letter and the Management's responses;
(c) reviewing the quarterly and full year financial statements before submission of the same to the Board for approval;
(d) reviewing the scope and results of the internal audit procedures including the effectiveness of the internal audit functions;
(e) reviewing the assistance given by the Management to the external auditors;
(f) reviewing the scope and results of the external audit and its cost-effectiveness, the independence and objectivity of the external auditors, annually, and the nomination of their re-appointment as auditors of the Company;
(g) reviewing all non-audit services provided by the external auditors so as to ensure that any provision of such services would not affect the independence of the external auditors;
(h) investigate any matters within its terms of reference; and
(i) reviewing interested person transactions falling within the scope of the SGX-ST Listing Manual.

The Board is of the opinion that the members of the ARC have sufficient expertise and experience to discharge their duties effectively.

The Company has in place a whistle-blowing framework, endorsed by the ARC, pursuant to which staff members of the Company has direct access to the chairman of the ARC to raise concerns about possible corporate improprieties in matters of financial reporting or other matters. The objective of such arrangements is to ensure both independent investigation of such matters and appropriate follow-up action are taken.

There were no whistle-blowing letters received during FY2015 and as of the date of this annual report.

The ARC has full access to all records concerning staff personnel and other relevant information which the ARC considers necessary to enable it to properly discharge its function, and has full discretion to invite any Director and/or executive officer to attend its meetings. Each member of the ARC shall abstain from voting on any resolutions in respect of matters which he is interested in. The ARC expects to receive full cooperation from the Management and external auditors in this respect.

The ARC met quarterly during FY2015 and all members were present during these meetings. The ARC meets with the external auditors without the presence of the Company's Management at least once a year and this was observed in FY2015 too. For the avoidance of doubt, no former partner or director of the Company's existing audit firm is a member of the ARC.

The aggregate amount of fees paid to the external auditors amounted to approximately S$386,000 for audit services and S$109,000 for non-audit services performed during FY2015.

In selecting suitable audit firms, the ARC takes into account several considerations such as the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the current size and complexity of issues of the Group being audited, and the number and experience of supervisory and professional staff assigned to the audit.

On 7 September 2015, the Company obtained shareholder's approval for Foo Kon Tan LLP to be appointed as the auditors of the Company and of most of the subsidiaries in the Group in place of Ernst & Young LLP ("EY"). EY will continue to be appointed by the Company to audit Meteorite Group Pte. Ltd. ("Meteorite"), a wholly owned Singapore incorporated subsidiary of the Company, and the entities incorporated in Australia which are the subsidiaries of Meteorite.

The ARC has conducted a review of all non-audit services provided by the external auditors for FY2015, and is satisfied with the independence and objectivity of the external auditors. The ARC has recommended to the Board that Messrs Foo Kon Tan LLP be nominated for re-appointment as auditors at the forthcoming AGM.

The external auditors regularly update the ARC on the changes to accounting standards and issues which will have a direct impact on financial statements. Among others, the ARC and the Board have been informed by the external auditors that all companies listed on the SGX-ST will have to comply with a new financial reporting framework identical to the International Financial Reporting Standards by 1 January 2018, and that there will be revisions to the auditor's report for the financial year ending 2016 under the Financial Reporting Surveillance Programme as highlighted in the Financial Reporting Practice Guidance No. 2 of 2015, which was issued by ACRA.

The Company has also established a Code of Conduct and Business Ethics which applies to all employees of the Group. The areas covered include conduct at the workplace, business conduct, protection of the Company's assets, confidentiality of information, and potential conflicts of interest. Directors, key executives, and employees are expected to observe and uphold high standards of integrity which are in compliance with the Company's policies and regulations.

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 internal audit function is out-sourced to a public accounting firm, One e-Risk Services Pte Ltd, a firm which meets the standard set by internationally-recognised professional bodies such as the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal auditors report primarily to the chairman of the ARC and the ARC is satisfied that the internal auditors are staffed by qualified and experienced personnel.

CORPORATE GOVERNANCE (Cont'd)

The internal auditors plan their internal audit schedules in consultation with the Management, but remain independent of the Management in its operations. The audit plan is submitted to the ARC for approval prior to the commencement of the internal audit. The ARC reviews the activities of the internal auditors on a regular basis, including overseeing and monitoring the implementation of improvements required with regard to internal control weaknesses that have been identified.

The ARC is satisfied with the adequacy and effectiveness of the internal audit functions performed for the year ending 31 December 2015.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

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

All shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. In line with the continuing disclosure obligations of the Company pursuant to the SGX-ST Listing Manual and the Companies Act, Chapter 50 of Singapore, the Board's policy is that all shareholders should be informed in a comprehensive manner and on a timely basis of all material developments that impact the Group.

The Company's Constitution currently provides that shareholders can vote in person or appoint not more than two (2) proxies to attend and vote on their behalf at general meetings of shareholders in the event that the shareholders are unable to attend the meeting in person. There is no provision in the Company's Constitution that limits the number of proxies for corporations which provide nominee or custodian services. In addition, according to the Company's Constitution, at any general meeting a resolution put to vote at the meeting shall be decided on a show of hands unless a poll is demanded. The shareholders would be informed of the voting procedures at the commencement of the general meeting.

COMMUNICATION WITH SHAREHOLDERS

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.

The Group strives for timeliness and transparency in its disclosure to shareholders and the public. 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 does not practice selective disclosure and is mindful that all price-sensitive information should be released through SGXNET on a timely basis. Where applicable, and generally at every quarter following the release of the Company's quarterly financial results announcement, press releases on the Group's performance and/or any major developments are also made available on SGXNET.

The Company maintains a website (http://www.hiaphoe.com) which allows the public to be aware of the Group's latest development and businesses. The public can provide feedback to the Company via its electronic mail address or its registered office address. Calls and emails requesting information are generally attended to promptly, taking into consideration the fact that Management may need to consult with the Board or any of the Company's relevant advisors before communicating or disseminating certain information.

The notices of general meetings setting out the agenda are despatched to shareholders with copies of the annual report or circular, explanatory notes, and if necessary, letters to shareholders on the items of special business, at least 14 days before the general meetings called to pass ordinary resolutions or 21 days before general meetings called to pass special resolutions. Notice of the general meeting is also published on the national business newspaper, The Business Times.

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

Notwithstanding the abovementioned, the Company has been declaring dividends on an annual basis. Any pay-outs are clearly communicated to shareholders via the financial results announcements through SGXNET. For FY2015, the Company will be proposing a final dividend of 1.00 Singapore cent per share, such final dividend to be approved by the shareholders at the forthcoming AGM of the Company.

CONDUCT OF SHAREHOLDERS MEETINGS

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 Group believes in encouraging shareholder participation at general meetings. As such, shareholders are given the opportunity to express their views and to raise queries to the Board and the Management regarding the proposed resolutions and on matters relating to the operations of the Group during these meetings. The chairman of each of the ARC, NC, and RC are also present at the meetings to attend to questions raised by shareholders. The Company's external auditors are invited to attend the Company's AGMs and will assist the Directors in addressing relevant queries relating to the conduct of the audit and the preparation and content of the external auditors' report.

It is crucial that the notices of general meetings are distributed on time to the shareholders prior to such general meetings as the notices set out the agendas that will be discussed, some of which may be of interest to the shareholders. A shareholder who is entitled to attend and vote may either vote in person or *in absentia* through the appointment of one or more proxies. However, as the authentication of information purporting to identify an individual as a shareholder still remains a concern, the Company has decided, for the time being, not to accept voting *in absentia* by mail, email or fax.

The Company also ensures separate resolutions are proposed at general meetings on each substantially distinct issue. Votes at the forthcoming AGM and all general meetings going forward will be taken by poll so that shareholders are accorded rights proportionate to their shareholding and all votes are counted.

The Joint Company Secretaries prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and the corresponding responses from the Board and the Management. Such minutes are available to shareholders upon their written requests. Results of the general meeting are also released as an announcement via SGXNET, detailing the number of votes cast for and against each resolution as well as the respective percentages.

ADDITIONAL INFORMATION

Securities Transactions

In line with Rule 1207(19) under Chapter 12 of the SGX-ST Listing Manual on Dealings in Securities, the Company has adopted an internal compliance code for the reference of its Directors and officers in relation to the dealings with the Company's securities.

The Company issues internal circulars to its Directors, officers and relevant staff members who have access to unpublished material price-sensitive information reminding them (i) of their disclosure obligations in relation to their dealings in shares of the Company and (ii) that they are prohibited from dealing in the Company's shares during the period commencing two (2) weeks before the announcement of the Company's financial results for each of the first three (3) quarters of its financial year, during the period commencing one (1) month before the release of the Company's full year financial results and ending on the date of the announcement of the relevant results, and when they are in possession of unpublished material price sensitive information. The Directors, officers, and employees of the Group are discouraged from dealing in the Company's securities on short-term considerations and are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

Directors are required to report to the Joint Company Secretaries whenever they deal in the Company's shares and the Joint Company Secretaries will make the necessary announcements in accordance with the requirements of the SGX-ST.

Interested Person Transactions

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Hiap Hoe & Co. Pte. Ltd. (A subsidiary of the ultimate holding company, Hiap Hoe Holdings Pte Ltd)	Nil	Provision of Project and Construction Management Service to the Company's wholly-owned subsidiary: - WestBuild Construction Pte Ltd (value of transactions amounting to $1,414,000)
Hiap Hoe Realty Pte Ltd (A subsidiary of the ultimate holding company, Hiap Hoe Holdings Pte Ltd)	Provision of Rental of Premises to the Company's wholly-owned subsidiary: - Meteorite Group Pte Ltd (value of transactions amounting to $128,000)	Nil

The ARC has reviewed, and is satisfied that the transactions are conducted at arm's length and on terms that are fair and reasonable. The ARC and the Board of Directors are satisfied that the terms of the abovementioned transactions are not prejudicial to the interests of the Company or its minority shareholders.

Save as disclosed above, no Director, CEO or controlling shareholders, or associate has any interest in any material transaction undertaken by the Company and the Group.

Pursuant to Rule 920 of the SGX-ST Listing Manual, there was no transaction with interested persons for FY2015 that warrants a shareholders mandate.

Material Contracts

There were no other material contracts with the Company or its subsidiaries involving the interest of any CEO, Director or controlling shareholder subsisting at the end of FY2015, other than disclosed in other parts of the annual report.

DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Hiap Hoe Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the financial year ended 31 December 2015 and the balance sheet of the Company as at 31 December 2015.

In the opinion of the directors,

(a) 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 of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

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

Teo Ho Beng
Roland Teo Ho Kang
Wun May Ling Tracy
Chan Boon Hui
Ronald Lim Cheng Aun (appointed on 28 April 2015)
Koh Kok Heng, Leslie (appointed on 28 April 2015)

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 object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, 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, an interest in the shares of the Company and related corporations (other than wholly-owned subsidiaries), as stated below:

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

	Direct interest			Deemed interest		
Name of Director	At the beginning of **financial year**	At the end of **financial year**	At 21 January 2016	At the beginning of **financial year**	At the end of **financial year**	At 21 January 2016
The Company						
Hiap Hoe Limited						
(Ordinary shares)						
Teo Ho Beng	2,130,750	2,130,750	2,130,750	328,693,876	328,693,876	328,693,876
Roland Teo Ho Kang	1,875,000	1,875,000	1,875,000	328,693,876	328,693,876	328,693,876
Chan Boon Hui	93,750	93,750	93,750	-	-	-
Hiap Hoe Limited						
($115 million Medium Term Notes)						
Chan Boon Hui	$250,000	-	-	-	-	-
The immediate and ultimate holding company						
Hiap Hoe Holdings Pte Ltd						
(Ordinary shares)						
Teo Ho Beng	4,816,738	4,816,738	4,816,738	-	-	-
Roland Teo Ho Kang	4,133,689	4,133,689	4,133,689	-	-	-
Subsidiary						
SuperBowl Holdings Limited						
(Ordinary shares)						
Teo Ho Beng#	-	-	-	322,240,480	322,302,480	322,307,480
Roland Teo Ho Kang	-	-	-	322,240,480	322,302,480	322,307,480

20,000 shares registered in name of spouse

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Mr Teo Ho Beng and Mr Roland Teo Ho Kang are deemed to have interests in the shares of each of the wholly-owned subsidiaries of Hiap Hoe Limited, Hiap Hoe Holdings Pte Ltd, and SuperBowl Holdings Limited.

Except as disclosed in this statement, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of its related corporations, either at the beginning of the financial year, at his date of appointment as a Director during the financial year (as the case may be), or at the end of the financial year.

PERFORMANCE SHARE PLAN

At an extraordinary general meeting held on 20 April 2010, the shareholders approved the performance share plan, Hiap Hoe Performance Share Plan (the "**Share Plan**"). Under the Share Plan, fully-paid ordinary shares in the capital of the Company, their equivalent cash value or combinations thereof will be granted, free from payment (the "**Award**"), to selected employees of the Company and/or its subsidiaries including Directors of the Company, and other selected participants according to the extent to which they complete time-based service conditions or achieve their performance targets over the set performance period. The Share Plan is to replace the Employee's Share Options Scheme that was approved by shareholders on 28 April 2004. The Directors believe that the new plan will incentivise participants to excel in their performance and encourage greater dedication and loyalty to the Company.

The Remuneration Committee administering the Share Plan comprises the following Directors:-

Koh Kok Heng, Leslie (Chairman)
Chan Boon Hui
Ronald Lim Cheng Aun

Under the Share Plan, the Company may award to the employees, controlling shareholders and their associates who meet the criteria set out below:

(a) Group employees

   (i) confirmed full-time employees of the Company and/or its subsidiaries who have attained the age of 21 years on or before the date of Award; and
   (ii) Directors of the Company and its subsidiaries who perform an executive function.

(b) Associated Company Employees

   (i) confirmed full-time employees of an associated company who have attained the age of 21 years on or before the date of Award; and
   (ii) Directors of an associated company who perform an executive function.

The aggregate number of shares which may be delivered and/or issued pursuant to the Awards granted under the Share Plan on any date, shall not exceed fifteen per cent (15%) of the total issued shares in the capital of the Company (excluding treasury shares) on the day preceding the date of granting the Award.

The Share Plan shall continue in force at the discretion of the Remuneration Committee, subject to a maximum period of ten years commencing from the date on which the Share Plan was adopted by the Company.

Details of the performance shares awarded under the Share Plan are as follows:

Date of grant	Aggregate awards granted since commencement of Share Plan to end of financial year	Aggregate awards vested since commencement of Share Plan to end of financial year	Aggregate awards cancelled since commencement of Share Plan to end of financial year	Aggregate awards outstanding as at the end of financial year
6 January 2011	177,400	177,400	-	-

There were no shares awarded under the Share Plan to the Company's Directors, employees or any of the Company's controlling shareholders or their associates during the financial year ended 31 December 2015.

OTHER INFORMATION REQUIRED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

Except as disclosed in Note 32 of the financial statements, no material contracts of the Company and its subsidiaries involving the interests of the chief executive officer, the Directors or controlling shareholders subsisted at the end of the financial year, or were entered into since the beginning of the financial year.

AUDIT AND RISK COMMITTEE

The Audit Committee of the Company has been renamed the Audit and Risk Committee ("ARC") with effect from 16 November 2015.

The ARC at the end of the financial year comprises the following members:
Chan Boon Hui (Chairman)
Ronald Lim Cheng Aun
Koh Kok Heng, Leslie

The ARC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- reviewed the audit plans of the external auditors of the Group and the Company and the assistance given by the Group and the Company's management team (the "Management") to the external auditors;

- reviewed the quarterly and annual financial statements and the auditors' report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;

- reviewed the effectiveness of the Group and the Company's material internal controls, including financial, operational, compliance and information technology controls, and risk management, noting as well the reviews carried out by the Company's internal auditors;

- met with the external auditors, other committees, and the Management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the ARC;

- 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 auditors;

- reviewed the nature and extent of non-audit services provided by the external auditors;

- recommended to the Board of Directors the external auditors to be nominated, approved the compensation of the external auditors, and reviewed the scope and results of the audit;

- reported actions and minutes of the ARC to the Board of Directors with such recommendations as the ARC considers appropriate; and

- reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

DIRECTORS' STATEMENT (Cont'd)

AUDIT AND RISK COMMITTEE (CONT'D)

The ARC, having reviewed all the 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 ARC has also conducted a review of interested person transactions.

The ARC convened four (4) meetings during the year with full attendance from all members. The ARC also met with the external auditors without the presence of the Company's Management, which it does at least once a year.

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

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

....
Teo Ho Beng

....
Roland Teo Ho Kang

Singapore
28 March 2016

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIAP HOE LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Hiap Hoe Limited (the "Company") and its subsidiaries (collectively, the "Group"), set out on pages 43 to 123 which comprise the balance sheets of the Group and the Company as at 31 December 2015, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity 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 (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 judgement, 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 the 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 the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

INDEPENDENT AUDITOR'S REPORT (Cont'd)

Other matter

The financial statements for the year ended 31 December 2014 were audited by another firm of auditors whose report dated 27 March 2015 expressed as unmodified opinion on those financial statements.

Report on other legal and regulatory requirements

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

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
Singapore

28 March 2016

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2015

	Note	2015	2014
		$	$
Revenue	4	107,779,664	136,422,482
Cost of sales		(29,688,804)	(43,855,035)
Gross profit		78,090,860	92,567,447
Other items of income			
Other income	5	7,471,212	8,833,538
Financial income	6	648,587	791,947
Fair value changes in financial instruments	7	(4,610,956)	(8,539,116)
Gain on bargain purchase arising from acquisitions		-	147,544,460
Gain on remeasurement of investment in joint venture company to fair value upon business combination achieved in stages		-	200,353,085
Other items of expense			
Distribution and selling expenses		(4,327,813)	(8,088,891)
Administrative expenses		(68,806,336)	(79,855,869)
Other expenses	5	(2,750,519)	(5,537,016)
Loss on disposal of subsidiary	14 (b)	(446,573)	-
Financial expenses	6	(16,044,795)	(16,089,755)
Share of results of joint ventures		-	(1,656)
(Loss)/profit before tax	8	(10,776,333)	331,978,174
Income tax credit/(expense)	10	3,556,854	(10,854,896)
(Loss)/profit for the year		(7,219,479)	321,123,278
Attributable to :			
Owners of the Company		(6,874,388)	321,283,030
Non-controlling interests		(345,091)	(159,752)
Total		(7,219,479)	321,123,278
Earnings per share attributable to owners of the Company (cents per share)			
Basic	11	(1.46)	68.28
Diluted	11	(1.46)	68.28

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	2015	2014
	$	$
(Loss)/profit for the year	(7,219,479)	321,123,278
Other comprehensive loss:		
Items that may be reclassified subsequently to profit or loss		
- Fair value gain/(loss) on net investment hedge	979,294	(1,868,223)
- Foreign currency translation	(3,230,811)	(3,288,486)
Other comprehensive loss for the year, net of tax of nil	(2,251,517)	(5,156,709)
Total comprehensive (loss)/income for the year	(9,470,996)	315,966,569
Attributable to :		
Owners of the Company	(9,125,905)	316,126,321
Non-controlling interests	(345,091)	(159,752)
Total comprehensive (loss)/income for the year	(9,470,996)	315,966,569

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

BALANCE SHEETS

As at 31 December 2015

	Note	Group		Company	
		2015	2014	2015	2014
		$	$	$	$
Non-current assets					
Property, plant and equipment	12	712,679,192	708,368,477	421,740	106,556
Investment properties	13	223,511,239	348,132,048	-	-
Investment in subsidiaries	14	-	-	188,351,666	163,101,684
Investment in joint venture	15	-	-	5,401,674	755,259
Other assets	16	26,882,356	19,125,956	-	-
Other receivables	17	34,700	41,900	-	-
Due from subsidiary (non-trade)	18	-	-	38,200,000	-
Deferred tax assets	19	12,477,734	7,178,368	-	-
		975,585,221	1,082,846,749	232,375,080	163,963,499
Current assets					
Other investments	20	36,998,113	34,299,513	-	-
Inventories	21	2,049,279	2,061,582	-	-
Other assets	16	412,891	1,160,518	450	450
Trade and other receivables	17	6,855,744	54,035,778	-	-
Prepaid operating expenses		903,349	1,058,781	3,086	1,164
Derivatives assets	22	2,947,054	1,383,037	-	-
Due from subsidiaries (trade)	18	-	-	1,743,403	1,333,323
Due from subsidiaries (non-trade)	18	-	-	342,853,548	297,996,959
Due from related companies (trade)	18	10,917	16,433	-	-
Due from related companies (non-trade)	18	3,669	41	-	-
Development properties	23	60,947,077	88,536,874	-	-
Properties held for sale	23	124,276,097	70,022,051	-	-
Cash and short-term deposits	24	37,645,157	33,330,451	790,674	2,513,158
Tax recoverable		145,084	-	-	-
		273,194,431	285,905,059	345,391,161	301,845,054
Assets held for sale	25	105,218,326	198,375,206	-	-
		378,412,757	484,280,265	345,391,161	301,845,054

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

BALANCE SHEETS (Cont'd)

As at 31 December 2015

	Note	Group 2015 $	Group 2014 $	Company 2015 $	Company 2014 $
Current liabilities					
Trade and other payables	26	20,501,531	14,346,771	42,030	80,684
Other liabilities	28	15,240,701	28,305,931	2,224,418	2,379,488
Derivatives liabilities	22	2,936,227	4,228,358	-	-
Due to subsidiaries (trade)	18	-	-	162,815	-
Due to subsidiaries (non-trade)	18	-	-	77,185,332	86,893,469
Due to joint venture (trade)	18	-	-	60,376	-
Due to joint venture (non-trade)	18	-	-	2,095,144	-
Due to related companies (trade)	18	244,106	534,021	-	-
Due to a related company (non-trade)	18	23,717	16,168	-	-
Interest-bearing loans and borrowings	27	158,259,333	190,495,605	26,666	-
Medium Term Notes	27	114,917,398	-	114,917,398	-
Tax payable		10,431,755	24,785,503	411,000	410,926
		322,554,768	262,712,357	197,125,179	89,764,567
Liabilities directly associated with disposal group classified as held for sale	25	-	114,231,735	-	-
		322,554,768	376,944,092	197,125,179	89,764,567
Non-current liabilities					
Trade payables	26	-	323,272	-	-
Other liabilities	28	27,526,784	20,842,100	-	-
Interest-bearing loans and borrowings	27	241,389,741	271,720,525	51,111	-
Deferred tax liabilities	19	85,794,239	93,332,245	-	-
Medium Term Notes	27	-	114,800,660	-	114,800,660
		354,710,764	501,018,802	51,111	114,800,660
Net assets		676,732,446	689,164,120	380,589,951	261,243,326
Equity attributable to owners of the Company					
Share capital	29	84,445,256	84,445,256	84,445,256	84,445,256
Treasury shares	30	(1,101,125)	(1,101,125)	(1,101,125)	(1,101,125)
Reserves	31	589,722,968	601,731,823	297,245,820	177,899,195
		673,067,099	685,075,954	380,589,951	261,243,326
Non-controlling interests		3,665,347	4,088,166	-	-
Total equity		676,732,446	689,164,120	380,589,951	261,243,326

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

	Attributable to equity holders of the Company												
Group	Share capital (Note 29)	Treasury shares (Note 30)	Accumulated **profits**	Dividend reserve	Capital reserve	Foreign currency reserve	Hedging reserve	Gain on reissuance of treasury shares	Other reserve	Total reserves	Total equity attributable to equity holders of the Company	Non-controlling interests	Total equity
2015	$	$	$	$	$	$	$	$	$	$	$	$	$
At 1 January 2015	84,445,256	(1,101,125)	614,646,673	4,705,575	(7,671,719)	(7,243,596)	(934,375)	51,890	(1,822,625)	601,731,823	685,075,954	4,088,166	689,164,120
Loss for the year	-	-	(6,874,388)	-	-	-	-	-	-	(6,874,388)	(6,874,388)	(345,091)	(7,219,479)
Fair value gain on net investment hedge	-	-	-	-	-	-	979,294	-	-	979,294	979,294	-	979,294
Foreign currency translation	-	-	-	-	-	(3,230,811)	-	-	-	(3,230,811)	(3,230,811)	-	(3,230,811)
Other comprehensive (loss)/income net of tax of nil	-	-	-	-	-	(3,230,811)	979,294	-	-	(2,251,517)	(2,251,517)	-	(2,251,517)
Total comprehensive (loss)/ income for the year	-	-	(6,874,388)	-	-	(3,230,811)	979,294	-	-	(9,125,905)	(9,125,905)	(345,091)	(9,470,996)
Contributions by and distributions to owners													
Dividends on ordinary shares (Note 35)	-	-	-	(4,705,575)	-	-	-	-	-	(4,705,575)	(4,705,575)	-	(4,705,575)
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(32,250)	(32,250)
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(45,500)	(45,500)
Strike off/disposal of subsidiaries	-	-	-	-	-	-	-	-	1,822,625	1,822,625	1,822,625	22	1,822,647
Total contributions by and distributions to owners	-	-	-	(4,705,575)	-	-	-	-	1,822,625	(2,882,950)	(2,882,950)	(77,728)	(2,960,678)
At 31 December 2015	84,445,256	(1,101,125)	607,772,285	-	(7,671,719)	(10,474,407)	44,919	51,890	-	589,722,968	673,067,099	3,665,347	676,732,446

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Cont'd)

For the financial year ended 31 December 2015

	Attributable to equity holders of the Company												
Group 2014	Share capital (Note 29) $	Treasury shares (Note 30) $	Accumulated **profits** $	Dividend reserve $	Capital reserve $	Foreign currency reserve $	Hedging reserve $	Gain on reissuance of treasury shares $	Other reserve $	Total reserves $	Total equity attributable to equity holders of the Company $	Non-controlling interests $	Total equity $
At 1 January 2014	84,445,256	(1,101,125)	298,069,221	3,764,460	(7,671,719)	(3,955,110)	933,848	51,890	-	291,192,590	374,536,721	(1,666,552)	372,870,169
Profit for the year	-	-	321,283,030	-	-	-	-	-	-	321,283,030	321,283,030	(159,752)	321,123,278
Fair value loss on net investment hedge	-	-	-	-	-	-	(1,868,223)	-	-	(1,868,223)	(1,868,223)	-	(1,868,223)
Foreign currency translation	-	-	-	-	-	(3,288,486)	-	-	-	(3,288,486)	(3,288,486)	-	(3,288,486)
Other comprehensive loss net of tax of nil	-	-	-	-	-	(3,288,486)	(1,868,223)	-	-	(5,156,709)	(5,156,709)	-	(5,156,709)
Total comprehensive income/(loss) for the year	-	-	321,283,030	-	-	(3,288,486)	(1,868,223)	-	-	316,126,321	316,126,321	(159,752)	315,966,569
Contributions by and distributions to owners													
Dividends on ordinary shares (Note 35)	-	-	-	(3,764,463)	-	-	-	-	-	(3,764,463)	(3,764,463)	(17,665)	(3,782,128)
Transfer from unappropriated profit to dividend reserve	-	-	(4,705,578)	4,705,578	-	-	-	-	-	-	-	-	-
Premium for acquisition of non-controlling interest	-	-	-	-	-	-	-	-	(1,822,625)	(1,822,625)	(1,822,625)	1,663,436	(159,189)
Non-controlling interest's share of acquiree's net tangible assets	-	-	-	-	-	-	-	-	-	-	-	4,268,699	4,268,699
Total contributions by and distributions to owners	-	-	(4,705,578)	941,115	-	-	-	-	(1,822,625)	(5,587,088)	(5,587,088)	5,914,470	327,382
At 31 December 2014	84,445,256	(1,101,125)	614,646,673	4,705,575	(7,671,719)	(7,243,596)	(934,375)	51,890	(1,822,625)	601,731,823	685,075,954	4,088,166	689,164,120

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	Note	2015	2014
		$	$
Operating activities			
(Loss)/profit before taxation		(10,776,333)	331,978,174
Adjustments for:			
Allowance for doubtful debts - trade	8	30,125	43,061
Amortisation of transaction cost		116,738	111,210
Bad debts - trade	8	292	24,904
Depreciation of investment properties	8	5,933,528	4,059,191
Depreciation of property, plant and equipment	8	16,734,395	14,339,977
Dividend income from investments	5	(1,305,257)	(902,380)
Fair value loss/(gain) on held-for-trading investments - unquoted	7	51,781	(153,110)
Fair value loss on held-for-trading investments - quoted	7	6,426,791	7,277,002
Fair value change in derivative instruments	7	(1,867,616)	1,415,224
Gain on disposal of investment properties held for sale	5	(1,157,319)	(1,673,639)
Gain on disposal of investments	5	(39,578)	(88,378)
Loss on disposal of subsidiary		446,573	-
Gain on disposal of property, plant and equipment, net		(71,193)	(2,642)
Impairment loss for properties held for sale	5	-	3,327,315
Impairment loss on investment properties	5	2,439,466	2,058,734
Interest expenses	6	16,044,795	16,089,755
Interest income	6	(648,587)	(791,947)
Property, plant and equipment written off	5	299,186	80,262
Share of results of joint ventures		-	1,656
Exchange difference		4,485,102	5,493,641
Write back of provision for foreseeable losses	5	-	(2,140,000)
Write back of allowance for doubtful debts - trade	5	(20,793)	-
Gain on bargain purchase arising from acquisitions		-	(147,544,460)
Gain on remeasurement of investment in joint venture company to fair value upon business combination achieved in stages		-	(200,353,085)
Operating cash flows before changes in working capital		37,122,096	32,650,465
Changes in working capital			
(Increase)/decrease in:			
Development properties		(46,859,617)	93,098,815
Due from a hotel operator, other		-	193,825
Due from a joint venture, trade		-	15,966,538
Due from joint ventures, non-trade		-	9,067,758
Due from an associate, non-trade		-	43,144,948
Due from related company, trade		5,516	606,947
Due from related company, non-trade		(3,628)	8,621
Inventories		12,303	85,611
Other assets		747,627	(8,683,689)
Prepaid operating expenses		118,858	(158,171)
Properties held for sales		9,599,458	1,812,142
Trade and other receivables		47,247,332	(36,234,465)
Increase/(decrease) in:			
Due to a joint venture, non-trade		-	(48,304,690)
Due to related companies, trade		(289,915)	(16,126,490)
Due to related company, non-trade		7,549	(129,408)
Other liabilities		(14,136,946)	13,443,737
Trade and other payables		5,401,085	(11,615,774)
Cash flows from operations		38,971,718	88,826,720
Income tax paid		(23,926,250)	(15,183,761)
Net cash flows from operating activities		15,045,468	73,642,959

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

CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

For the financial year ended 31 December 2015

	Note	2015	2014
		$	$
Investing activities			
Dividend income received		1,305,257	902,380
Interest income received		515,134	791,947
Proceeds from disposal of property, plant and equipment		199,280	149,300
Proceeds from disposal of investment property			
- held for sale		14,280,000	6,800,000
Proceeds from disposal of quoted investments		4,705,926	276,000
Purchase of investment properties		-	(105,719,934)
Purchase of property, plant and equipment	A	(12,194,417)	(2,410,869)
Purchase of quoted investments		(11,107,273)	(6,118,312)
Purchase of unquoted investments		(2,425,899)	-
Net cash outflow on acquisition of subsidiaries	40	-	(197,216,228)
Net cash inflow on disposal of subsidiary	14	72,306,851	-
Net cash flows generated from/(used in) investing activities		67,584,859	(302,545,716)
Financing activities			
Acquisition of non-controlling interest		(45,500)	(172,200)
Dividends paid on ordinary shares by the Company		(4,705,575)	(3,764,463)
Dividends paid to non-controlling interest		(32,250)	(17,662)
Interest paid		(16,266,400)	(15,874,730)
Placement of fixed deposit (pledged)	24	(10,000,000)	-
Proceeds from loans and borrowings		72,651,598	709,705,602
Repayment of bank borrowings		(130,017,868)	(543,110,061)
Repayment of lease obligations		(32,223)	(56,327)
Net cash flows (used in)/generated from financing activities		(88,448,218)	146,710,159
Net decrease in cash and cash equivalents		(5,817,891)	(82,192,598)
Effect of exchange rate changes on cash and cash equivalents		(117,743)	(158,272)
Cash and cash equivalents at beginning of year		33,580,791	115,931,661
Cash and cash equivalents at end of year (Note 24)		27,645,157	33,580,791

A. Purchase of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of $12,274,417 (2014: $3,270,980), of which $80,000 (2014: $60,000) was acquired by means of hire purchase arrangements and $Nil (2014: $800,111) was through trade in. The balance of $12,194,417 (2014: $2,410,869) was made in cash.

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

1 CORPORATE INFORMATION

Hiap Hoe Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST) Mainboard.

The registered office and principal place of business of the Company is located at 18 Ah Hood Road #13-51, Hiap Hoe Building At Zhongshan Park, Singapore 329983.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Its immediate and ultimate holding company is Hiap Hoe Holdings Pte Ltd, a company incorporated in Singapore. Related companies refer to members of the immediate and ultimate holding corporation's group of companies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

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

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

The financial statements are presented in Singapore Dollars (SGD or $) unless otherwise stated.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 January 2015. The adoption of these standards did not have any effect on the financial performance of the Group or financial position of the Group and the Company.

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 1: Disclosure Initiative	1 January 2016
Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
(b) Amendments to FRS 107 Financial Instruments: Disclosures	1 January 2016
(c) Amendment to FRS 19 Employee Benefits	1 January 2016
(d) Amendment to FRS 34 Interim Financial Reporting	1 January 2016
Amendment to FRS 7: Disclosure Initiative	1 January 2017
Amendment to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 109 Financial Instruments	1 January 2018
FRS 115 Revenue Contract from Customers	1 January 2018

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

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

Except for FRS 115 and FRS 109, the directors expect that the adoption of other standards above will have no material impact on the financial statements in the period of initial application. The nature and the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

FRS 115 Revenue Contracts from Customers

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS 18. 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.

FRS 109 Financial Instruments

FRS 109 Financial Instruments replaces the FRS 39 and it is a package of improvements introduced by FRS 109 which include a logical model for:

- Classification and measurement;
- A single, forward – looking "expected loss" impairment model; and
- A substantially reformed approach to hedge accounting.

FRS 109 is effective for annual periods beginning on or after 1 January 2018. The Group is currently assessing the impact to the financial statements.

2.4(a) 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.

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

2.4(a) Basis of consolidation (Cont'd)

A change in 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 company at their carrying amounts at the date when control 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.

2.4(b) Business combinations

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 are deemed to be an asset or liability will be recognised in profit or loss.

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. 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.

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

2.5 Transactions with non-controlling interests

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

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

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

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

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.20. The cost of an item of property, plant and equipment 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.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis to allocate the depreciable amount over the estimated useful lives of the asset as follows:

• Freehold properties	- 50 years
• Leasehold properties	- over remaining period of lease (subject to a maximum of 50 years)
• Motor vehicles	- 5 to 10 years
• Furniture, fittings and office equipment	- 1 to 20 years
• Plant and machinery	- 3 to 15 years

Construction in progress are not depreciated as these assets are not available for use.

The carrying values of property, plant and equipment 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 property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 *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 for sale 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.

Plant and machinery included under investment properties are initially measured at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on plant and machinery using a straight-line method to allocate the depreciable amounts over the estimated useful lives ranging from 3 to 15 years.

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

2.8 Investment properties (Cont'd)

Investment properties are initially measured at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, similar to the policy for property, plant and equipment. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of over 50 years for freehold properties, and the remaining period of lease or a maximum of 50 years, whichever is lower for leasehold properties. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at end of each reporting period. The effects of any revision are included in profit or loss when the changes 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 property, plant and equipment set out in Note 2.7 up to the date of change in use.

2.9 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 such indication exists, or when 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 groups 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 of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

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

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 other comprehensive income.

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

2.10 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 any impairment losses.

2.11 Joint Ventures and Associates

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

The Group account for its investments in joint ventures using the equity method from the date on which it becomes a 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 joint venture's profit or loss in the period in which the investment is acquired.

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

When the Group's share of losses in the joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the 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 joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the 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 joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the 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 the Company's balance sheet, the investments in joint ventures have been accounted for using the equity method as the Company has early adopted the Amendments to FRS 27 Equity Method in Separate Financial Statements since financial year ended 31 December 2014.

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

2.12 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.

Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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.

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.

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

2.12 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

Regular way purchase or sale of a financial asset

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

(b) Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling 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. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities 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 liabilities are recognised in profit or loss.

(ii) Financial liabilities at amortised cost

After initial recognition, 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.

De-recognition

A financial liability is de-recognised 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 de-recognition 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.

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

2.13 Impairment of financial assets

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

Financial assets carried at amortised cost

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

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

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

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

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

The Group does not have any financial assets carried at cost and available-for-sale financial assets.

2.14 Cash and cash equivalents

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

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

2.15 Construction 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.

When the outcome of a construction contract cannot be estimated reliably (principally during the 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 cost (as defined below) incurred to date and the estimated costs to complete.

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

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

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

Assets covered by a single contract are treated separately when:

- Separate proposals have been submitted for each asset
- Each asset has been subject to separate negotiation and the contractor and customer have been able to accept or reject that part of the contract relating to each asset
- The costs and revenues of each asset can be identified

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

- The group of contracts are negotiated as a single package; the contracts are so closely interrelated that they are, in effect, part of a single project with an overall profit margin
- The contracts are performed concurrently or in a continuous sequence

The stage of completion is determined by reference to professional surveys of work performed.

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

2.16 Development properties/properties held for sale

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

The costs of development properties/properties held for sale include:

- Freehold rights for land;

- Amounts paid to contractors for construction; and

- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

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

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

The costs of development properties/properties held for sale 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.

2.17 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.

2.18 Inventories

Inventories, comprising consumables which include smart cards, spare parts and hotel supplies, are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and includes all costs in bringing the inventories to their present location and condition. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories. Net realisable value is the lower of cost and net selling price.

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

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 as a liability 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 and construction 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 being incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use. 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.

Capitalisation of borrowing costs is suspended during the extended periods in which active development is interrupted. Capitalisation of borrowing costs ceases on issue of the Temporary Occupation Permit. The capitalisation rate is determined by reference to the actual rate payable on borrowings for that asset, weighted as applicable.

2.21 Employee benefits

(a) **Defined contribution plans**

The Singapore companies make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to the defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

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

(c) Performance share plan

The Group operates share-based compensation plan. The fair value of the employee services received in exchange for the grant of performance shares is recognised as an expense in the profit and loss account with a corresponding increase in the share plan reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair values of the performance shares granted at the respective dates of the grant which taken into account market conditions and non-vesting conditions.

At each reporting date, the Group revises its estimates of the number of share plan awards that are expected to vest on the vesting dates, and recognises the impact of the revision of the estimates in the profit and loss account, with a corresponding adjustment to the employee share reserve over the remaining vesting plan.

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

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 Group 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 does not transfer substantially all the risks and rewards of ownership of the assets 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 leased term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24(e). Contingent rents are recognised as revenue in the period in which they are earned.

2.23 Investment properties held for sale

Investment properties are transferred to non-current assets held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such property and its sale must be highly probable.

For the sale to be highly probable, the following criteria must be met:-

- The board must be committed to a plan to sell the property and an active programme to locate a buyer and complete the plan must have been initiated;

- The property must be actively marketed for sale at a price that is reasonable in relation to its current fair value; and

- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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

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.

(a) Project revenue arising from construction contracts

Revenue from contracts is recognised on the percentage of completion method based on the progress of the contract work, as determined based on surveys/certifications of work done. Accounting policy for recognising construction contracts is stated in Note 2.15.

(b) Sales of completed development properties

A development property is regarded as sold when the significant risks and returns have been transferred to the buyer.

(c) Sales of development properties under construction

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

- A contract to construct a property; or

- A contract for the sale of completed property.

(I) 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.

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

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

(ii) In Singapore context, INT FRS 115 includes an accompanying note on application of INT FRS 115 in Singapore which requires the percentage of completion method of revenue recognition to be applied for the sale of private residential properties in Singapore prior to completion of properties that are regulated under 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 Singapore.

In the above situations (i) and (ii), the percentage of work completed is measured by reference to professional surveys of work performed.

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

2.24 Revenue (Cont'd)

(d) Dividend income

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

(e) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentive provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(f) Interest income

Interest income is recognised using the effective interest method.

(g) Hotel income

Hotel room revenue is recognised based on room occupancy while other hotel related revenue is recognised when the goods are delivered or the services are rendered to the customers.

(h) Leisure income

Revenue from leisure activities are recognised when services are provided or goods consumed.

(i) Management fee and other operating income

Management fee and other operating income are recognised on accrual basis.

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 Singapore where the Group operates and generates taxable income.

Current income tax 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.

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 taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or 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 venture, 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 differences 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 each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

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

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

2.25 Taxes (Cont'd)

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

2.27 Share capital and share issue expenses

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

2.28 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.29 Contingencies

A contingent liability is:

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

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

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

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

;

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

2.29 Contingencies (Cont'd)

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.

2.30 Related parties

A related party is defined as follows:

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

(i) has control, or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

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

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

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

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of the 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 Other investments

Quoted investments and unquoted investments are classified as financial assets at fair value through profit or loss.

The accounting policies for the aforementioned categories of financial assets are stated in Note 2.12.

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

2.32 Hedge accounting

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;

- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or

- hedges of a net investment in a foreign operation.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to profit or loss.

The Group uses a forward currency contract as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. Refer to Note 22 for more details.

2.33 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Property, plant and equipment and investment properties once classified as held for sale are not depreciated or amortised.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. 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 Judgments 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:

(i) Revenue recognition

The Group estimates the percentage of completion of its development properties by reference to professional surveys of work performed. The Group's revenue recognised of development properties for year ended 31 December 2015 was $17,530,067 (2014: $58,580,083). All Singapore projects are completed.

(ii) Income taxes

The Company has adopted group relief since Year of Assessment 2003. Significant judgement is involved in determining the Group provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Company's tax payables at 31 December 2015 was $411,000 (2014: $410,926). Whereas, the carrying amount of the Group's tax payables, deferred tax assets and deferred tax liabilities at 31 December 2015 was $10,431,755 (2014: $24,785,503), $12,477,734 (2014: $7,178,368) and $85,794,239 (2014: $93,332,245), respectively.

(iii) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is defined in Note 2.8. The Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONT'D)

3.2 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 statements were 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.

(i) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on the historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting period is disclosed in Note 17 to the financial statements. The allowances for impairment are disclosed in Note 17 and Note 18 to the financial statements.

(ii) Estimation of net realisable value of properties held for sale and development properties

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

The carrying amounts of the Group's development properties and properties held for sale as at 31 December 2015 were $60,947,077 (2014: $88,536,874) and $124,276,097 (2014: $70,022,051) respectively. A 5% decrease in selling price will not affect the carrying amounts of development properties.

(iii) Impairment of investment properties and property, plant and equipment

The Group carries its investment properties and property, plant and equipment at cost less accumulated depreciation and accumulated impairment, with excess of carrying value over fair values being recognised as impairment in profit or loss.

The Group engaged real estate valuation experts to assess fair value as at 31 December 2015. The fair values of investment properties and property, plant and equipment are determined by independent real estate valuation experts using recognised valuation techniques. These techniques comprise both the Comparison method and the Investment method.

The carrying amounts of the investment properties and property, plant and equipment as at 31 December 2015 are $223,511,239 (2014: $348,132,048) and $712,679,192 (2014: $708,368,477), respectively. The fair value of the investment properties is approximately $258,302,000 (2014: $377,275,000).

(iv) **Business combination - fair value identifiable assets and liabilities**

The fair value of identifiable assets and liabilities recognised as a result of a business combination is based on market value. The market value is the estimated amount for which these assets and liabilities could be exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. The assets and liabilities are valued on the basis of continuous use having taken into account the cost of replacement, future economic working life and local market condition where appropriate.

4. REVENUE

Group	2015	2014
	$	$
Revenue is analysed as follows:		
Revenue from sale of development properties	17,530,067	58,580,083
Project revenue arising from construction contracts	-	897,731
Rental revenue from investment properties and property, plant and equipment	36,607,739	33,132,281
Management fee charged to third parties	-	3,530
Revenue from hotel operations	46,100,837	36,088,571
Revenue from leisure business	7,541,021	7,720,286
	107,779,664	136,422,482

5 OTHER INCOME/(EXPENSES)

Group	2015	2014
	$	$
Other income:		
Dividend income from investments	1,305,257	902,380
Miscellaneous income	4,865,205	3,892,794
Rental income - others	-	63,000
Gain on disposal of property, plant and equipment	83,060	73,347
Gain on disposal of investment properties held for sale	1,157,319	1,673,639
Gain on disposal of investments	39,578	88,378
Write back of allowance for doubtful debts – trade (Note 17)	20,793	-
Write back of provision for foreseeable losses	-	2,140,000
	7,471,212	8,833,538
Other expenses:		
Loss on disposal of property, plant and equipment	(11,867)	(70,705)
Property, plant and equipment written off	(299,186)	(80,262)
Impairment loss on investment properties (Note 13)	(2,439,466)	(2,058,734)
Impairment loss for properties held for sale (Note 23)	-	(3,327,315)
	(2,750,519)	(5,537,016)

6 FINANCIAL INCOME/(EXPENSES)

Group	2015	2014
	$	$
Interest income from loans and receivables		
- fixed deposits	148,710	197,693
- unquoted investments	203,500	203,500
- others	296,377	390,754
Financial income	648,587	791,947
Interest expense		
- bank term loans	(9,670,332)	(10,550,344)
- obligations under finance leases	(1,520)	(3,336)
- loans from related companies	-	(16,902)
- bank overdrafts	-	(30)
- medium term notes	(5,462,500)	(5,462,500)
- interest rate swap	(1,256,045)	(664,255)
	(16,390,397)	(16,697,367)
Less: interest expenses capitalised in development properties (Note 23)	345,602	607,612
Financial expenses	(16,044,795)	(16,089,755)

7 FAIR VALUE CHANGES IN FINANCIAL INSTRUMENTS

Group	2015	2014
	$	$
Fair value change in derivative instruments	1,867,616	(1,415,224)
Fair value (loss)/gain on financial assets:		
- quoted investments (Note 20)	(6,426,791)	(7,277,002)
- unquoted investments (Note 20)	(51,781)	153,110
	(4,610,956)	(8,539,116)

8 (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax is stated after charging/(crediting) the following:

Group	2015	2014
	$	$
Audit fees paid to the		
- auditors of the Company	286,017	198,021
- other auditors	135,770	189,405
Non-audit fees paid to the		
- auditors of the Company	129,439	125,109
- other auditors	34,978	29,982
Allowance for doubtful debts – trade (Note 17)	30,125	43,061
Bad debt – trade	292	24,904
Bad debt recovered – trade	(4,488)	-
Depreciation of property, plant and equipment (Note 12)	16,734,395	14,339,977
Depreciation of investment properties (Note 13)	5,933,528	4,059,191
Directors' fees	136,000	188,876
Employees' benefits expense (Note 9)	23,411,616	20,287,472
Operating lease expense (Note 33(c))	3,390,332	3,401,092
Stamp duty fees relating to the purchase of properties in Australia	-	5,138,569
Professional fees	953,126	1,813,877
Foreign exchange differences	4,648,981	5,560,437

9 EMPLOYEES' BENEFITS

Group	2015	2014
	$	$
Wages, salaries and bonuses	18,845,148	16,673,130
Central Provident Fund contributions	1,603,747	1,260,499
Other staff costs	2,542,625	2,038,803
Casual labour	420,096	315,040
	23,411,616	20,287,472

Employees' benefits include Compensation of key management personnel as disclosed in Note 32(b).

10 INCOME TAX (CREDIT)/EXPENSE

Major components of income tax (credit)/expense

The major components of income tax (credit)/expense for the years ended 31 December 2015 and 2014 are:

Group	2015	2014
	$	$
Current income tax		
Current income taxation	12,589,239	23,862,443
(Over)/under provision in respect of prior years	(1,358,992)	3,805,323
	11,230,247	27,667,766
Deferred income tax		
Origination and reversal of temporary differences	(13,143,326)	(16,812,870)
Over provision in respect of prior years	(1,643,775)	-
	(14,787,101)	(16,812,870)
Income tax (credit)/expense recognised in profit or loss	(3,556,854)	10,854,896

Relationship between tax (credit)/expense and accounting (loss)/profit

A reconciliation between tax (credit)/expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 December 2015 and 2014 is as follows:

Group	2015	2014
	$	$
(Loss)/profit before tax	(10,776,333)	331,978,174
Tax at the domestic rate applicable to results in the countries where the Group operates	(3,413,357)	50,544,143
Income not subject to taxation	(486,696)	(62,767,699)*
Non-deductible expenses	2,606,114	13,233,798
Deferred tax assets not recognised	2,083,675	5,551,129
(Over)/under provision of current taxation in respect of prior years	(1,358,992)	3,805,323
Over provision of deferred tax in respect of prior years	(1,643,775)	-
Utilisation of previously unrecognised tax losses and unutilised capital allowances	(1,617,646)	(635,140)
Withholding tax	952,768	937,973
Effect of partial tax exemption	(393,324)	(252,080)
Others	(285,621)	437,449
Income tax (credit)/expense recognised in profit or loss	(3,556,854)	10,854,896

*In 2014, the nature of income that are not subject to taxation include gain from bargain purchase arising from acquisition of $25,082,558 and gain on re-measurement of investment in joint venture company to fair value upon business combination achieved in stages of $34,060,025.

10 INCOME TAX (CREDIT)/EXPENSE (CONT'D)

Group relief

A loss-transfer system of group relief (group relief system) for companies was introduced in Singapore with effect from year of assessment 2003. Under the group relief system, a company belonging to a group may transfer its current year unabsorbed capital allowances, current year unabsorbed trade losses and current year unabsorbed donations (loss items) to another company belonging to the same group, to be deducted against the assessable income of the latter company.

Unutilised tax losses and capital allowances

The subsidiaries of the Company have unutilised tax losses of $55,085,000 (2014: $59,889,000) and unutilised capital allowances of $11,237,000 (2014: $22,145,000), available for offset against future taxable income subject to the agreement of the Inland Revenue Authority of Singapore and compliance with certain provisions of the Singapore Income Tax Act. The deferred tax asset arising from these unutilised tax losses has not been recognised in the financial statements in accordance with the accounting policy in Note 2.25(b) to the financial statements.

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 35) for the years ended 31 December 2015 and 2014.

11 EARNINGS PER SHARE

(a) Continuing operations

Basic earnings per share from continuing operations are calculated by dividing (loss)/profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing the (loss)/profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the (loss)/profit and share data used in the computations of basic and diluted earnings per share for the years ended 31 December:

Group	2015	2014
	$	$
(Loss)/profit for the year attributable to owners of the Company used in the computation of basic and diluted earnings per ordinary share	(6,874,388)	321,283,030
Weighted average number of ordinary shares for basic and dilutive earnings per share computation (no. of shares)	470,557,541	470,557,541

(b) Earnings per share computation

The basic and diluted earnings per share are calculated by dividing the (loss)/profit for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively. These (loss)/profit and share data are presented in the tables in Note 11(a) above.

12 PROPERTY, PLANT AND EQUIPMENT

Group	Construction in progress	Leasehold land and properties	Motor vehicles	Furniture, fittings and office equipment	Plant and machinery	Total
	$	$	$	$	$	$
Cost						
At 1 January 2014	-	-	1,425,301	752,738	108,210	2,286,249
Additions	-	-	2,416,087	591,762	263,131	3,270,980
Additions via business combination	-	710,628,283*	1,668,466	2,419,049	4,210,208	718,926,006
Transfer to investment properties held for sale (Note 25)	-	-	-	-	(1,895)	(1,895)
Disposals/write off	-	(339,900)	(1,163,953)	(42,053)	(90,516)	(1,636,422)
At 31 December 2014 and 1 January 2015	-	710,288,383	4,345,901	3,721,496	4,489,138	722,844,918
Additions	11,115,217	-	524,777	281,467	352,956	12,274,417
Transfer from development properties (Note 23)	9,636,297	-	-	-	-	9,636,297
Exchange difference	(435,821)	-	-	-	-	(435,821)
Disposals/write off	-	-	(581,315)	(575,340)	(19,360)	(1,176,015)
At 31 December 2015	20,315,693	710,288,383	4,289,363	3,427,623	4,822,734	743,143,796
Accumulated depreciation						
At 1 January 2014	-	-	448,260	213,912	58,405	720,577
Depreciation charge for the year	-	12,630,775	492,930	713,681	516,938	14,354,324
Transfer to investment properties held for sale (Note 25)	-	-	-	-	(706)	(706)
Disposals/write off	-	(240,000)	(263,457)	(34,608)	(59,689)	(597,754)
At 31 December 2014 and 1 January 2015	-	12,390,775	677,733	892,985	514,948	14,476,441
Depreciation charge for the year	-	14,871,375	555,635	711,417	598,218	16,736,645
Exchange difference	-	-	166	94	-	260
Disposals/write off	-	-	(490,546)	(238,836)	(19,360)	(748,742)
At 31 December 2015	-	27,262,150	742,988	1,365,660	1,093,806	30,464,604
Net carrying amount						
At 31 December 2015	20,315,693	683,026,233	3,546,375	2,061,963	3,728,928	712,679,192
At 31 December 2014	-	697,897,608	3,668,168	2,828,511	3,974,190	708,368,477

* This was stated after adjusting for unrealised profits by WestBuild Construction Pte Ltd, in respect of properties constructed for a former joint venture, HH Properties Pte Ltd, which the Company acquired in prior year.

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group charged the depreciation expense of $16,734,395 (2014: $14,339,977) to the Income Statement while the remaining amount of $2,250 (2014: $14,347) was reflected in the Balance Sheet as development properties.

Construction in progress relates to the freehold land situated at 6-22 Pearl River Road, Melbourne, Victoria, Australia and related cost for hotel development project.

Assets held under finance leases

Included in the property, plant and equipment of the Group are the following:

Group	2015	2014
	$	$
Net book value of assets acquired under finance leases		
- motor vehicles	627,377	230,817

Assets pledged as security

The Group's leasehold land and properties with a net carrying amount of $683,026,233 (2014: $697,897,608) have been mortgaged to secure bank overdraft and loan facilities (Note 27).

Company	Motor vehicles	Furniture, fittings and office equipment	Total
	$	$	$
Cost			
At 1 January 2014, 31 December 2014 and 1 January 2015	236,790	16,806	253,596
Additions	428,888	-	428,888
Disposals/write off	(236,790)	-	(236,790)
At 31 December 2015	428,888	16,806	445,694
Accumulated depreciation			
At 1 January 2014	82,876	16,806	99,682
Depreciation charge for the year	47,358	-	47,358
At 31 December 2014 and 1 January 2015	130,234	16,806	147,040
Depreciation for the year	22,934	-	22,934
Disposals/write off	(146,020)	-	(146,020)
At 31 December 2015	7,148	16,806	23,954
Net carrying amount			
At 31 December 2015	421,740	-	421,740
At 31 December 2014	106,556	-	106,556

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Details of properties included in property, plant and equipment as at 31 December 2015 are as follows:

Description of properties	Tenure	Existing use	Land area sq. m.
Singapore			
1 Yuan Ching Road	30-year leasehold from 1.1.2002	Sports and recreation complex	21,754
Hotels/commercial properties At Zhongshan Park	99-year leasehold from 4.11.2008	Two hotels, a retail mall and an office tower and a park	17,661
Australia			
7-storey hotel with 273 rooms at 6-22 Pearl River Road, Melbourne	Freehold	Construction in progress	3,795

13 INVESTMENT PROPERTIES

Group	2015	2014
	$	$
Cost		
At 1 January	355,428,680	167,454,512
Additions	-	105,721,124
Acquisition of subsidiaries	-	87,750,000
Transfer from properties held for sale (Note 23)	-	28,523,481
Transfer to investment properties held for sale (Note 25)	(108,171,000)	(18,509,513)
Exchange differences	(11,653,440)	(15,510,924)
At 31 December	235,604,240	355,428,680
Accumulated depreciation and impairment loss		
At 1 January	7,296,632	1,472,189
Depreciation charge for the year (Note 8)	5,933,528	4,059,191
Impairment loss (Note 5)	2,439,466	2,058,734
Transfer to investment properties held for sale (Note 25)	(3,346,617)	(261,660)
Exchange differences	(230,008)	(31,822)
At 31 December	12,093,001	7,296,632
Net carrying amount	223,511,239	348,132,048
The following amounts are recognised in profit or loss:		
Rental income from investment properties		
- Minimum lease payments	21,735,107	25,624,127
Direct operating expenses (including repairs and maintenance)		
- Rental generating properties	(14,267,108)	(19,843,773)

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.

13 INVESTMENT PROPERTIES (CONT'D)

Valuation of investment properties

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. The fair value of investment properties as determined by the directors, based on indicative open market value amounted to $258,302,000 as at 31 December 2015 (2014: $377,275,000) as advised by the independent professional valuers.

The indicative market value is based on comparison method and investment method in arriving at the fair value of the properties. The comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The investment method capitalises the net rent of the properties at a suitable rate of return.

Transfer to investment properties held for sale

On 21 December 2015, the Group has entered into a Contract of Sale in relation to the sale of an investment property at 206 Bourke Street, Melbourne, Australia. As such, the net carrying amount of this property is transferred to investment properties held for sale as disclosed in Note 25.

On 30 September 2014, the Group has initiated to divest several investment properties. As such, the net carrying amounts of such investment properties are transferred to investment properties held for sale as disclosed in Note 25.

Impairment of assets

During the financial year, a subsidiary of the Group, Meteorite Property (Stirling Street) Pty Ltd impaired the investment property situated at 130 Stirling Street, Perth, Australia. An impairment loss of $2,439,466 (2014: $2,058,734), representing the write down of this property to its fair value less disposal costs was charged to the income statement under Other expenses (Note 5).

Properties pledged as security

Investment properties with carrying amount of $179,477,625 (2014: $346,733,334) are mortgaged to banks to secure bank facilities (Note 27).

Details of investment properties as at 31 December 2015 are as follows:

Description of properties	Tenure	Existing use	Strata area sq. m.
Singapore			
5 residential units at 68 St Thomas Walk	Freehold	Residential	2,066
2 residential units at 1 Lewis Road	Freehold	Residential	607
1 Claymore Drive #B1-01/40 Orchard Towers	Freehold	Retail space	735
150 Orchard Road #09-01/02 Orchard Plaza	99-year leasehold from 2.6.1977	Retail space	1,424
1 Jalan Anak Bukit #B1-59/59A Bukit Timah Plaza	99-year leasehold from 30.8.1976	Recreation space	112
35 Selegie Road #B1-04 to #B1-12, #B1-14 to #B1-18, #B1-20 to #B1-38 Parklane Shopping Mall	99-year leasehold from 1.12.1974	Retail/ recreation space	2,352

13 INVESTMENT PROPERTIES (CONT'D)

Details of investment properties as at 31 December 2015 are as follows (Cont'd):

Description of properties	Tenure	Existing use	Land area sq. m.
Australia			
Mixed use commercial building comprising a car parking facility over 4 levels with 445 car bays, with office space and ground floor retail tenancies at 380 Lonsdale Street, Melbourne	Freehold	Commercial	3,165
7 levels commercial building comprising five levels of office, four retail tenancies to ground level, and a total of 239 parking bays at 130 Stirling Street, Perth	Freehold	Commercial	5,033

14 INVESTMENT IN SUBSIDIARIES

Company	2015	2014
	$	$
Unquoted equity shares, at cost	219,251,666	231,851,666
Impairment losses	(30,900,000)	(68,749,982)
	188,351,666	163,101,684
Movement in allowance for impairment:		
At 1 January	(68,749,982)	(58,900,000)
Current year allowance	(19,000,000)	(9,849,982)
Provision no longer required	47,000,000	-
Amount utilised	9,849,982	-
	(30,900,000)	(68,749,982)

During the year ended 31 December 2015, the Company had written back an impairment loss of $47,000,000 to its recoverable amount as the subsidiary generated profit from its business activities. The Company had also provided an impairment loss of $19,000,000 which was written down to its recoverable amount as the investments no longer represented by net assets of the investee. The recoverable amount of the investment has been determined based on the subsidiary's revalued net assets position as at 31 December 2015 which is classified under level 3 of the fair value hierarchy.

In 2014, the Company recognised impairment losses of $9,849,982 for a subsidiary, Hiap Hoe SuperBowl JV Pte Ltd. The recoverable amount was based on the sales proceeds of $2,750,018 to be received by the Company in conjunction with its proposed disposal of this subsidiary which was announced on 8 December 2014. The sale was completed on 26 March 2015.

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation/ principal place of business	Effective shareholding		Principal activities
		2015 %	2014 %	
Held by the Company				
Bukit Panjang Plaza Pte Ltd (1)	Singapore	100	100	Property developer and owner
Guan Hoe Development Pte Ltd (1)	Singapore	100	100	Property developer and owner
Hiap Hoe Investment Pte Ltd (1)	Singapore	100	100	Investment holding
Wah Hoe Development Pte Ltd (1)	Singapore	100	100	Property developer and owner
Cavenagh Properties Pte Ltd (1)	Singapore	100	100	Property developer and owner
WestBuild Construction Pte Ltd (1)	Singapore	100	100	Civil engineering, general road construction and sub-contractor works
Hiap Hoe Strategic Pte Ltd (1)	Singapore	100	100	Investment holding
HH Land Pte Ltd (5) [formerly known as Meteorite Land Singapore Pte Ltd]	Singapore	100	100	Dormant
Meteorite Group Pte Ltd (2) [formerly known as Meteorite (Australia) Pte Ltd]	Singapore	100	100	Investment holding
HH Residences Pte Ltd (1)	Singapore	100	100	Property investment and owner

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Details of the subsidiaries are as follows (Cont'd):

Name of subsidiaries	Country of incorporation/ principal place of business	Effective shareholding		Principal activities
		2015 %	2014 %	
Held by Meteorite Group Pte Ltd				
Meteorite Land Pty Ltd [3]	Australia	100	100	Property owner
Meteorite Development Pty Ltd [3]	Australia	100	100	Property developer
Held by Meteorite Land Pty Ltd				
Meteorite Property (Lonsdale Street) Pty Ltd [6]	Australia	100	100	Property investment and owner
Meteorite Property (Bourke Street) Pty Ltd [6]	Australia	100	100	Property investment and owner
Meteorite Property (Pearl River) Pty Ltd [6]	Australia	100	100	Property owner
Meteorite Property (Stirling Street) Pty Ltd [6]	Australia	100	100	Property investment and owner
Held By Meteorite Development Pty Ltd				
Meteorite Development (Lonsdale Street) Pty Ltd [5]	Australia	100	100	Property developer
Meteorite Development (Pearl River) Pty Ltd [5]	Australia	100	100	Property developer
Held By Hiap Hoe Strategic Pte Ltd				
SuperBowl Holdings Limited [1]	Singapore	99.01	98.99	Investment holding

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Details of the subsidiaries are as follows (Cont'd):

Name of subsidiaries	Country of incorporation/ principal place of business	Effective shareholding		Principal activities
		2015 %	2014 %	
Held By SuperBowl Holdings Limited				
SuperBowl Jurong Pte Ltd (1)	Singapore	99.01	98.99	Property investment
SuperBowl Development Pte Ltd (1)	Singapore	99.01	98.99	Owners and operators of bowling centres and recreation centres
SuperBowl Management Pte Ltd (1)	Singapore	99.01	98.99	No operations
SuperBowl Sentosa Pte Ltd (5)	Singapore	99.01	98.99	Dormant
SuperBowl Golf & Country Club Pte Ltd (1)	Singapore	99.01	98.99	No operations
SuperBowl Land Pte Ltd (4)	Singapore	-	98.99	Dormant
Super Funworld Pte Ltd (1)	Singapore	99.01	98.99	Property investment
Held by the Company and SuperBowl Holdings Limited				
Cantonment Development Pte Ltd (4)	Singapore	-	99.39	Dormant
HH Properties Pte Ltd (1)*	Singapore	99.51	99.50	Property developer and owner
Hiap Hoe SuperBowl JV Pte Ltd (2)	Singapore	-	99.60	Property developer and owner
Held by Wah Hoe Development Pte Ltd and SuperBowl Management Pte Ltd				
Goodluck View Development (1)	Singapore	99.60	99.60	Property developer and owner

(1) Audited by Foo Kon Tan LLP.
(2) Audited by Ernst & Young LLP, Singapore.
(3) Audited by Ernst & Young Australia.
(4) Struck off
(5) Unaudited as there is no statutory requirement for dormant companies to be audited.
(6) Unit Trust was incorporated to own the properties purchased.

* The Company holds 50% ownership interest in HH Properties Pte Ltd and account for it as a joint venture in its separate financial statements (Note 15).

14 INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Disposal of subsidiary

The Company disposed of a subsidiary, Hiap Hoe SuperBowl JV Pte Ltd, on 26 March 2015 to its immediate and ultimate holding company. The effect of the disposal on the cash flow of the Group was:

	$
Carrying amounts of assets and liabilities disposed of:	
Cash and cash equivalents	526,300
Other current assets	96,733
Properties held for sale	185,000,000
Total assets	185,623,033
Trade and other payables	1,320
Other liabilities	1,093,116
Due to joint venture (non-trade)	68,261,450
Interest-bearing loans and borrowings	113,072,846
Total liabilities	182,428,732
Net assets disposed of	3,194,301
- Reclassification of premium for acquisition of non-controlling interest	1,835,635
- Assignment of intercompany loan to ultimate holding company	68,249,788
	73,279,724
Loss on disposal of subsidiary	(446,573)
Cash proceeds from disposal	72,833,151
Cash and cash equivalents in subsidiary disposed of	(526,300)
Net cash inflow on disposal	72,306,851

(c) De-registration of subsidiaries

The Company had deregistered some of its dormant subsidiaries, namely: SuperBowl Land Pte Ltd and Cantonment Development Pte Ltd during the year.

15 INVESTMENT IN JOINT VENTURE

Company	2015	2014
	$	$
Shares, at cost	5	5
Share of post-acquisition reserves	5,401,669	755,254
	5,401,674	755,259

This relates to interest in HH Properties Pte Ltd ("HHP") which is jointly held by the Company and SuperBowl Holdings Limited in equal proportions of 50%.

The Company has early adopted the Amendments to FRS 27 Equity Method in Separate Financial Statements in 2014 and has equity accounted for its investment in HHP in its separate financial statements. As the Group effectively owned 99.51% (2014: 99.50%) interest in HHP, the interests in joint venture are reversed and consolidated with the Group. Details of HHP are disclosed in Note 14.

16 OTHER ASSETS

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Current	412,891	1,160,518	450	450
Non-current	26,882,356	19,125,956	-	-
	27,295,247	20,286,474	450	450

Other assets classified under non-current comprised pre-sale deposits of $26,784,012 (2014: $19,125,956) received from purchasers of Marina Tower held in trust by the legal advisors. Correspondingly, this deposit was recognised in other liabilities in Note 28.

Other assets denominated in foreign currencies at 31 December are as follows:

Group	2015	2014
	$	$
Australian Dollar	26,882,356	19,125,956

17 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Current				
Trade receivables	4,914,825	52,924,146	-	-
Impairment of doubtful receivables	(133,129)	(268,882)	-	-
	4,781,696	52,655,264	-	-
Other receivables:				
Interest receivables	208,433	74,980	-	-
Staff loans	23,700	26,900	-	-
Deposits	450,338	-		
Sundry receivables	1,112,493	1,278,634	-	-
Others	279,084	-	-	-
	2,074,048	1,380,514	-	-
Trade and other receivables (current)	6,855,744	54,035,778	-	-

17 TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Non-current				
Other receivable- Staff loans	19,700	26,900	-	-
Others	15,000	15,000	-	-
	34,700	41,900	-	-
Trade and other receivables (current and non-current)	6,890,444	54,077,678	-	-
Add:				
Due from subsidiaries (trade) [Note 18(i)]	-	-	1,743,403	1,333,323
Due from subsidiaries (non-trade) [Note 18(ii)]	-	-	381,053,548	297,996,959
Due from related companies (trade) [Note 18(i)]	10,917	16,433	-	-
Due from related companies (non-trade) [Note 18(ii)]	3,669	41	-	-
Other assets (Note 16)	27,295,247	20,286,474	450	450
Cash and short-term deposits (Note 24)	37,645,157	33,330,451	790,674	2,513,158
Total loans and receivables	71,845,434	107,711,077	383,588,075	301,843,890

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade and other receivables

Trade and other receivables of the Group denominated in foreign currencies at 31 December are as follows:

Group	2015	2014
	$	$
Australian Dollar	2,063,738	486,890

Staff loans

Staff loans are unsecured and non-interest bearing. Non-current amounts have an average maturity of 5 years (2014: 5 years). The loans are recognised initially at fair value. The carrying amount of non-current staff loans approximates the fair value of the loans as at 31 December 2015.

17 TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to $2,441,986 (2014: $955,954) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

Group	2015	2014
	$	$
Trade receivables past due but not impaired:		
Less than 30 days	2,035,725	544,825
31- 60 days	318,219	147,062
61- 90 days	23,482	56,313
More than 90 days	64,560	207,754
	2,441,986	955,954

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables past due. These receivables are mainly arising by customers that have a good credit record with the Group.

Receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

Group	2015	2014
	$	$
Trade receivables–nominal amounts	133,129	341,056
Less: Allowance for impairment	(133,129)	(268,882)
	-	72,174
Movement in allowance accounts		
At 1 January	(268,882)	(225,821)
Amount written off	145,085	-
Write back of allowance (Note 5)	20,793	-
Charge for the year (Note 8)	(30,125)	(43,061)
At 31 December	(133,129)	(268,882)

Group

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.

18 DUE FROM/(TO) SUBSIDIARIES/RELATED COMPANIES/JOINT VENTURES

(i) TRADE

Trade amounts due from/(to) subsidiaries, related companies and joint ventures are unsecured, interest-free and repayment on demand in cash. Related companies refer to members of the immediate and ultimate holding corporation's group of companies.

(ii) NON-TRADE

(a) Non-trade amounts due from subsidiaries are as follows:

Company	2015	2014
	$	$
Current		
Loans	342,358,738	298,092,342
Interest receivable	9,142,736	5,157,379
Performance guarantee fee receivable	2,632,935	-
Advances	3,975,643	3,748
Less: allowance for doubtful receivables	(15,256,504)	(5,256,510)
	342,853,548	297,996,959
Non-current		
Loans	38,200,000	-
	38,200,000	-
Total	381,053,548	297,996,959

Current amounts due from subsidiaries are unsecured, repayable on demand and in cash. The loans bear weighted average effective interest ranging from 0.17% to 4.75% (2014: 0.25% to 4.75%) per annum.

Non-current loans are unsecured, repayable in 3 years from date of drawdown and bear weighted average effective interest ranging from 0.25% to 2.94% (2014: Nil) per annum.

18 DUE FROM/(TO) SUBSIDIARIES/RELATED COMPANIES/JOINT VENTURES (CONT'D)

(ii) NON-TRADE (CONT'D)

(a) Non-trade amounts due from subsidiaries are as follows: (Cont'd)

Receivables that are impaired
Loans to subsidiaries that are impaired at the balance sheet date are due to deteriorating financial positions of the subsidiaries. The movement of the allowance accounts used to record the impairment are as follows:

Company	2015	2014
	$	$
Nominal amount of loans	75,204,052	23,686,706
Less: Allowance for impairment	(15,256,504)	(5,256,510)
	59,947,548	18,430,196
Movement in allowance accounts		
At 1 January	5,256,510	-
Charge for the year	9,999,994	5,256,510
At 31 December	15,256,504	5,256,510

(b) Non-trade amounts due from/(to) related companies of the Group represent payments made on behalf of/by related companies, are unsecured, interest-free, repayable on demand and in cash.

(c) Non-trade amounts due to subsidiaries/joint venture are as follows:

Company	2015	2014
	$	$
Loans	(71,180,984)	(86,855,797)
Interest payable	(91,200)	(32,969)
Advances	(5,913,148)	(4,703)
Due to subsidiaries	(77,185,332)	(86,893,469)
Advances from joint venture	(2,095,144)	-
	(79,280,476)	(86,893,469)

The amounts due to subsidiaries/joint ventures are unsecured, repayable on demand and in cash. Loans bear weighted average effective interest ranging from 0.24% to 1.19% (2014: 0.25% to 1.72%) per annum while advances are interest-free.

19 DEFERRED TAXATION

Group	Balance sheet 2015 $	Balance sheet 2014 $	Income statement 2015 $	Income statement 2014 $
Deferred tax assets:				
Unutilised tax losses	12,477,734	7,178,368	7,264,815	5,196,272
Deferred tax liabilities:				
Differences in recognition of profits on development properties	1,659,477	9,794,396	(7,684,857)	(11,967,198)
Fair value adjustment on acquisition of subsidiaries	80,145,720	83,196,249	(3,050,529)	-
Difference in depreciation for tax purposes	3,989,042	341,600	3,213,100	350,600
	85,794,239	93,332,245	(7,522,286)	(11,616,598)

20 OTHER INVESTMENTS

Group	2015 $	2014 $
Held for trading investments		
- Quoted investments	28,572,195	28,458,093
- Unquoted investments	8,425,918	5,841,420
	36,998,113	34,299,513

Other investments denominated in foreign currencies at 31 December are as follows:

Group	2015 $	2014 $
United States Dollar	7,025,881	2,733,331
Bangladesh Taka	357,031	364,293
Malaysia Ringgit	1,339,962	1,628,990
Australia Dollar	-	99,734
Canadian Dollar	104,684	110,534
Swiss Franc	611,645	217,469
Euro	1,242,694	435,926
British Pound	416,403	327,519
Japanese Yen	299,103	105,313
Hong Kong Dollar	157,958	-

During the financial year, the Group recognised fair value loss of $6,426,791 (2014: $7,277,002) on held-for-trading quoted investments and fair value loss of $51,781 (2014: gain of $153,110) on held-for-trading unquoted investments in the income statement (Note 7).

21 INVENTORIES, AT COST

Group	2015	2014
	$	$
Consumables	48,328	60,632
Hotel supplies	2,000,951	2,000,950
	2,049,279	2,061,582

Inventories recognised as an expense in cost of sales amounted to $114,388 (2014: $48,602).

22 DERIVATIVES

Group	Contract/ Notional amount	Assets	Liabilities
	$	$	$
2015			
Currency swaps	48,620,250	-	44,919
Currency swaps	33,000,000	2,198,071	-
Interest rate swaps	64,615,385	748,983	-
Interest rate swaps	57,678,323	-	(2,981,146)
		2,947,054	(2,936,227)
Add: Other investments (Note 20)		36,998,113	-
Less: Hedge Accounting (Note 31)		-	(44,919)
Total financial assets/(liabilities) at fair value through profit or loss		39,945,167	(2,981,146)
2014			
Currency swaps	48,620,250	-	(934,375)
Currency swaps	33,000,000	1,383,037	-
Interest rate swaps	60,410,513	-	(3,293,983)
Interest rate swaps	68,205,128	-	-
		1,383,037	(4,228,358)
Add: Other investments (Note 20)		34,299,513	-
Less: Hedge Accounting (Note 31)		-	934,375
Total financial assets/(liabilities) at fair value through profit or loss		35,682,550	(3,293,983)

22 DERIVATIVES (CONT'D)

Currency swaps

Currency swaps are used to hedge foreign currency risk arising from the cashflow of the Group's foreign investments in subsidiaries denominated in Australian Dollar.

The Group designates these financial contracts as net investment hedges. The contract transacted in 2013 for notional amount of $48,620,250 was accounted for using hedge accounting, and a net fair value gain of $979,294 (2014: loss of $1,868,223) was included in hedging reserve in statement of changes in equity in respect of this contract.

In 2014, the Group entered into a currency swap to hedge its investment in Australia for the acquisition of 130 Stirling Street, Perth. The notional amount of this contract is $33,000,000.

Interest rate swaps

The interest rate swap with notional amount of $32,180,873 receives floating interest equal to Bank Bill Swap Bid Rate ("BBSY") per annum, pays a fixed rate of interest at 3.99% per annum and will mature on 26 November 2018.

An interest rate swap for notional amount of $25,497,450 was entered in 2014. The interest rate swap receives floating interest equal to BBSY per annum, pays fixed rate interest ranging from 3.65% to 3.71% (2014: 3.71%) per annum and will mature on 23 April 2019.

The interest rate swap with notional amount of $64,615,385 receives floating interest equal to SOR (Swap Offer Rate) per annum, pay fixed rate of interest at 1.23% per annum and will mature on 2 October 2017.

23 DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE

Group	2015	2014
	$	$
Freehold land and related costs	72,968,556	208,040,551
Development costs	60,201,575	77,433,737
Property tax and interest	1,715,976	19,685,897
Exchange differences	(1,307,464)	-
Attributable profit	-	170,004,615
	133,578,643	475,164,800
Less: Progress billings	-	(317,637,275)
	133,578,643	157,527,525
Less: Transferred to Properties held for sale	(62,995,269)	(68,990,651)
	70,583,374	88,536,874
Less: Transferred to Property, plant and equipment (Note 12)	(9,636,297)	-
	60,947,077	88,536,874
Revenue from sale of development properties (recognised on completed contract basis)	-	58,580,083
Development properties recognised as an expenses in cost of sales	-	26,460,260

The advances received from customers as at 31 December 2015 is $26,784,012 (2014: $19,125,956) (Note 28).

23 DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE (CONT'D)

(i) Interest costs capitalised during the year at an average rate of 2.06% (2014: 1.75%) per annum based on actual borrowing costs were paid to:

Group	2015	2014
	$	$
- financial institutions	345,602	607,612

(ii) The development properties and properties held for sale are mortgaged for bank borrowings (Note 27).

(iii) Included in development costs are project and construction management services of $Nil (2014: $51,146) charged by a related company, at contractual terms agreed between the parties.

(iv) The Group transferred unsold units to Properties held for sale upon Temporary Occupancy Permits are obtained.

Completed properties held for sale

Group	2015	2014
	$	$
At 1 January	70,022,051	217,882,196
Transferred from development properties	62,995,269	68,990,651
Adjustment of prior years' cost	858,235	-
Transferred to Investment properties (Note 13)	-	(28,523,481)
Transferred to Assets held for sale (Note 25)	-	(185,000,000)
Impairment loss (Note 5)	-	(3,327,315)
Sale during the year	(9,599,458)	-
At 31 December	124,276,097	70,022,051

Details of properties as at 31 December 2015 are as follows:

Description of properties	Tenure	Group's effective interest in property	Floor area sq. m.	Stage of completion (expected year of completion)
Singapore				
46 units of 9-storey multiple user light industrial development at 56 Kallang Pudding Road	Freehold	100%	8,543 (strata)	Completed
51 units of flats at 65-65E Cavenagh Road	Freehold	100%	7,092 (strata)	Completed
Australia				
Two residential towers: a 43-storey and a 36-storey towers with a total of 461 residential units at 6-22 Pearl River Road, Melbourne	Freehold	100%	3,795 (land area)	18% (2018)

24 CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Cash and bank balances	11,416,598	28,665,076	790,674	2,513,158
Fixed deposits	26,228,559	4,665,375	-	-
	37,645,157	33,330,451	790,674	2,513,158
Disposal group classified as held for sale (Note 25)	-	250,340	-	-
Fixed deposit (pledged)	(10,000,000)	-	-	-
Cash and cash equivalents	27,645,157	33,580,791	790,674	2,513,158

Cash and short-term deposits of the Group denominated in foreign currencies at 31 December are as follows:

Group	2015	2014
	$	$
Australian Dollar	3,717,035	5,076,079
Bangladesh Taka	101,132	95,344
Malaysia Ringgit	57,429	27,363
British Pound	29,191	-
Japanese Yen	24,501	-
Euro	10,778	770,677
United States Dollar	276,961	1,853,077

Cash and bank balances earn interest at floating rates based on daily bank deposit rates ranging from 0.22% to 0.43% (2014: 0.25% to 2.25%) per annum.

Fixed deposits are made for varying periods of between three months to one year, depending on the immediate cash requirements of the Group, and earn interests at the respective fixed deposit rates. The weighted average effective interest rates as at 31 December 2015 for the Group were ranging from 0.65% to 1.17% (2014: 0.65% to 3.43%).

Fixed deposit of $10,000,000 (2014: Nil) which has a maturity period of one year is pledged for banking facilities granted to a subsidiary.

25 DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

(a) Disposal of Hiap Hoe SuperBowl JV Pte Ltd

In 2014, the Company together with SuperBowl Holdings Limited ("SuperBowl"), a subsidiary of the Company announced the decision of its Board of Directors to dispose of their legal and beneficial ownership of 60% and 40% respectively of all the issued and paid up ordinary shares in the capital of Hiap Hoe SuperBowl JV Pte Ltd ("HHSBJV") to Hiap Hoe Holdings Pte Ltd, the controlling shareholder of the Company. As at 31 December 2014, the assets and liabilities related to HHSBJV have been presented in the balance sheet as "Assets held for sale" and "Liabilities held for sale".

25 DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

(a) Disposal of Hiap Hoe SuperBowl JV Pte Ltd (Cont'd)

The major classes of assets and liabilities of HHSBJV classified as held for sale as at 31 December are as follows:

Group	2014
	$
Other assets	150
Prepaid operating expenses	2,035
Properties held for sale (Note 23)	185,000,000
Cash and cash equivalents (Note 24)	250,340
Assets held for sale	185,252,525
Trade and other payables	46,514
Other liabilities	1,112,375
Interest-bearing loans and borrowings	113,072,846
Liabilities held for sale	114,231,735
Net assets directly associated with disposal group classified as held for sale	71,020,790

(b) Investment properties held for sale

Group	2015	2014
	$	$
Investment properties – held for sale		
At 1 January	13,122,681	-
Transfer from investment properties (Note 13)	104,824,383	18,247,853
Additional works	393,943	-
Transfer from property, plant and equipment (Note 12)	-	1,189
Disposal of investment properties	(13,122,681)	(5,126,361)
Balance at 31 December	105,218,326	13,122,681

On 21 December 2015, the Group had entered into a formal Contract of Sale in relation to the sale of 206 Bourke Street, Melbourne, Australia with ISPT Pty Ltd for A$116,280,000 ($119,791,656 equivalent). The sale was completed on 22 January 2016. At balance sheet date, the net carrying amount of the investment property of $104,824,383 has been reclassified from investment properties to assets held for sale.

In 2014, two investment properties held for sale at 35 Selegie Road and 1 Jalan Anak Bukit of carrying value amounting to $3,459,323 and $9,662,168 were sold for $4,600,000 and $9,680,000 as indicated in the Option of Sale and Purchase Agreement entered on 18 November 2014 and completed on 11 February 2015 and 13 February 2015, respectively.

26 TRADE AND OTHER PAYABLES

	Group		Company	
	2015 $	2014 $	2015 $	2014 $
Current				
Trade payables	12,700,268	11,309,927	-	-
Advance received and billings	158,776	-	-	-
Other payables	7,642,487	3,036,844	42,030	80,684
Trade and other payables (current)	20,501,531	14,346,771	42,030	80,684
Non-current				
Trade payables	-	323,272	-	-
Trade and other payables (current and non-current)	20,501,531	14,670,043	42,030	80,684
Add:				
Due to subsidiaries (trade) [Note 18(i)]	-	-	162,815	-
Due to subsidiaries (non-trade) [Note 18(ii)]	-	-	77,185,332	86,893,469
Due to joint venture (trade) [Note 18(i)]	-	-	60,376	-
Due to joint venture (non-trade) [Note 18(ii)]	-	-	2,095,144	-
Due to related companies (trade) [Note 18(i)]	244,106	534,021	-	-
Due to a related company (non-trade) [Note 18(ii)]	23,717	16,168	-	-
Other liabilities (Note 28)	42,767,485	49,148,031	2,224,418	2,379,488
Interest-bearing loans and borrowings, and medium term note (Note 27)	514,566,472	577,016,790	114,995,175	114,800,660
	578,103,311	641,385,053	196,765,290	204,154,301
Less: Deposits that are not financial liabilities	(26,784,012)	(19,125,956)	-	-
Less: Advance received and billings	(158,776)	-	-	-
Total financial liabilities carried at amortised cost	551,160,523	622,259,097	196,765,290	204,154,301

Trade and other payables are non-interest bearing and have an average term of one to three months.

Trade and other payables of the Group denominated in foreign currencies at 31 December are as follows:

Group	2015 $	2014 $
Australian dollar	12,249,293	2,738,673

27 INTEREST-BEARING LOANS AND BORROWINGS, AND MEDIUM TERM NOTES

	Effective interest rate[1] (% per annum)		Maturity	Group		Company	
	2015	2014		2015	2014	2015	2014
				$	$	$	$
Current liabilities							
Bank term loans (Note 27.1)	2.09	1.39	2016	157,601,909	189,958,844	-	-
Interest payable	-	-	2016	623,258	499,261	-	-
Lease obligations (Note 27.4)	4.46	2.88	2016	34,166	37,500	26,666	-
				158,259,333	190,495,605	26,666	-
Medium term notes (Note 27.3)	4.75	-	2016	114,917,398	-	114,917,398	-
				273,176,731	190,495,605	114,944,064	-
Non-current liabilities							
Bank term loans (Note 27.1)	2.75	2.61	2016 - 2017	241,338,630	271,720,525	-	-
Lease obligations (Note 27.4)	4.60	-	2018	51,111	-	51,111	-
				241,389,741	271,720,525	51,111	-
Medium term notes (Note 27.3)	-	4.75	2016	-	114,800,660	-	114,800,660
				241,389,741	386,521,185	51,111	114,800,660
Total				514,566,472	577,016,790	114,995,175	114,800,660

(1) Based on weighted average effective interest rates.

27 INTEREST-BEARING LOANS AND BORROWINGS, AND MEDIUM TERM NOTES (CONT'D)

27.1 The bank borrowings bear weighted average effective interest ranging from 2.09% to 2.75% (2014: 1.39% to 2.61%) per annum during the year. Interest rates of these loans are repriced at an interval of 1 to 3 months.

(a) A loan of $18,300,000 (2014: $25,000,000) carried interest at weighted average effective rate of 2.36% (2014: 1.74%) per annum is repayable within 12 months after reporting date;

(b) A loan of $36,000,000 (2014: $95,000,000) carried interest at weighted average effective rate of 2.71% (2014: 1.40%) per annum is repayable within 12 months after reporting date;

(c) A loan of $3,534,250 (2014: $3,279,500) carried interest at weighted average effective rate of 1.34% (2014: 0.92%) per annum. The loan is repayable on demand and is denominated in United States dollar. The facility shall only be utilised for the purchase (through) the bank of any cash based product and/or marketable securities that are acceptable to the bank;

(d) A loan of $3,105,914 (2014: $3,268,844) carried interest at weighted average effective rate of 0.96% (2014: 1.06%) per annum. The loan is repayable on demand and is denominated in Euro. The facility shall only be utilised for the purchase (through) the bank of any cash based product and/or marketable securities that are acceptable to the bank. As at 31 August 2015, there was a technical breach of covenant in relation to the aggregate collateral value of the security to be above or equal to US$10 million. Waiver of this requirement was obtained from the bank on 16 October 2015;

(e) A loan of $47,028,630 (2014: $53,410,500) carried interest at weighted average effective rate of 2.98% (2014: 2.20%) per annum. The loan is repayable by 21 April 2017 and is denominated in Australian dollar. As at 31 December 2014, there was a technical breach of covenant in relation to the Loan to Value ratio not exceeding 55%. This was due to a reduction in the valuation of property secured under the loan. Accordingly, the loan amount of $53,410,500 has been classified under "Current Liabilities". During the year, the Group remedied the breach by making partial repayment of the loan and reinstated the Loan to Value ratio. As at 31 December 2015, the Loan to Value ratio has been compiled with;

(f) A loan of $64,361,745 (2014: $67,410,525) carried interest at weighted average effective rate of 2.22% (2014: 2.70%) per annum. The loan is repayable by 30 November 2016 and is denominated in Australian dollar;

(g) A loan of $204,310,000 (2014: $214,310,000) carried interest at weighted average effective rate of 2.51% (2014: 1.36%) per annum. The term loan is repayable at $2,500,000 quarterly starting from 3 months after first drawdown with balance on final maturity date which is 48 months from first drawdown or 31 December 2017, whichever is earlier. This loan has two portions, $194,310,000 (2014: $204,310,000) is included in non-current liabilities while the remaining $10,000,000 (2014: $10,000,000) is under current liabilities; and

(h) A loan of $22,300,000 (2014: Nil) carried interest at weighted average effective rate of 2.52% (2014: Nil) per annum is repayable within 12 months after reporting date.

27.2 The bank borrowings are secured by the following:

(a) legal mortgages on the Group's property, plant and equipment, investment properties and properties held for sale;

(b) first legal mortgage over development properties and properties held for sale;

(c) first legal assignment of all rights and benefits under the sales and purchase agreements and/or tenancy agreements;

(d) a charge over the Project Accounts;

(e) the building contracts of the certain development properties;

(f) assignment of all insurance policies for certain development properties;

(g) deed of subordination to subordinate all loans and advances from the Company to the facilities; and

(h) corporate guarantees given by the Company.

The bank facility agreements include covenants that require the maintenance of certain financial ratios. Non-compliance with certain material covenants may result in these loans being repayable immediately.

27 INTEREST-BEARING LOANS AND BORROWINGS, AND MEDIUM TERM NOTES (CONT'D)

27.3 In May 2013, the Company established a $500 million Multicurrency Medium Term Note Programme. Notes may be issued in series having one or more issue dates and the same maturity date, and in identical terms except for the issue dates, issue prices and/or the dates of the first payment of interest, or for the issue prices and rates of interest.

Each series may be issued in one or more tranches on the same or different issue dates. The notes will be issued in bearer form and may be listed on the stock exchange.

The Company has issued two tranches of the notes on 5 September 2013 and 18 November 2013 amounting to $40 million and $75 million respectively, both bearing fixed interest rate at 4.75% per annum. These notes are unsecured and both tranches of the notes are due on 5 September 2016.

27.4 LEASE OBLIGATIONS

The Group and the Company have entered into finance leases on their motor vehicles. Lease terms range from 1 to 3 years and do not contain restrictions on the Group activities concerning dividends, additional debts or further leasing.

Future minimum lease payments under finance lease liabilities together with the present value of the net minimum lease payments are as follows:

	Group		Company	
	2015 $	2014 $	2015 $	2014 $
Minimum lease payments payable:				
Due not later than one year	36,332	39,210	28,490	-
Due later than one year but not later than five years	54,607	-	54,607	-
	90,939	39,210	83,097	-
Finance charges allocated to future periods	(5,662)	(1,710)	(5,320)	-
Present value of minimum lease payments	85,277	37,500	77,777	-
Present value of minimum lease payments:				
Due not later than one year	34,166	37,500	26,666	-
Due later than one year but not later than five years	51,111	-	51,111	-
	85,277	37,500	77,777	-

28 OTHER LIABILITIES

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Current				
Accrued operating expenses	9,191,344	23,385,310	322,459	477,529
Deposits received	4,147,398	2,915,498	-	-
Interest payable on medium term notes	1,765,959	1,765,959	1,765,959	1,765,959
Provision for Directors' fees	136,000	136,000	136,000	136,000
Rental received in advance	-	103,164	-	-
	15,240,701	28,305,931	2,224,418	2,379,488
Non-current				
Deposits received	27,526,784	20,842,100	-	-
Total other liabilities	42,767,485	49,148,031	2,224,418	2,379,488

Other liabilities of the Group denominated in foreign currencies at 31 December are as follows:

Group	2015	2014
	$	$
Australian dollar	26,784,012	19,125,956

29 SHARE CAPITAL

Group and Company	2015	2014	2015	2014
	Number of shares		$	$
Issued and fully paid ordinary shares				
Balance at beginning and at end	474,557,391	474,557,391	84,445,256	84,445,256

The holders of ordinary shares (excluding treasury shares as disclosed in Note 30) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

30 TREASURY SHARES

Group and Company	2015	2014	2015	2014
	Number of shares		$	$
Balance at beginning and at end	(3,999,850)	(3,999,850)	(1,101,125)	(1,101,125)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

31 RESERVES

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Accumulated profits	607,772,285	614,646,673	297,193,930	173,141,730
Dividend reserve (Note a)	-	4,705,575	-	4,705,575
Capital reserve (Note b)	(7,671,719)	(7,671,719)	-	-
Foreign currency reserve (Note c)	(10,474,407)	(7,243,596)	-	-
Hedging reserve (Note d)	44,919	(934,375)	-	-
Gain on reissuance of treasury shares (Note e)	51,890	51,890	51,890	51,890
Other reserves (Note f)	-	(1,822,625)	-	-
	589,722,968	601,731,823	297,245,820	177,899,195

(a) *Dividend reserve*

For the financial year ended 31 December 2015, the Directors of the Company have recommended that a final dividend be paid at 1 cent (2014: 1 cent) per ordinary share amounting to $4,705,575 (2014: $4,705,575). These financial statements do not reflect this dividend which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2016. In 2014, the amount of $4,705,575 had been appropriated from prior year's profits to dividend reserve.

(b) *Capital reserve*

The capital reserve arises from the application of reverse acquisition accounting.

(c) *Foreign currency translation reserve*

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.

(d) *Hedging reserve*

The hedging reserve contains the effective portion of the net investment hedge relationships incurred as at the reporting date. The movement of $979,294 (2014: $1,868,223) during the year is made up of the fair value changes in the net investment hedge and the effective portion of the forward contract, net of tax.

(e) *Gain on reissuance of treasury shares*

This represents the gain arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

(f) *Other reserves*

Other reserves represent premium for acquisition of non-controlling interest.

32 RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

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

Group	2015	2014
	$	$
Income		
Supply of labour to related companies	99,139	136,405
Supply of labour to Directors	919	686
Disposal of subsidiary to its immediate and ultimate holding company [Note 14(b)]	72,833,151	-
Expenses		
Rental expense paid to related companies	260,200	36,400
Site expenses paid to related company	354,922	907,056
Supply of labour paid to related companies	1,250,110	1,520,042

(b) Compensation of key management personnel

Group	2015	2014
	$	$
Short-term employee benefits	3,898,177	4,138,840
Central Provident Fund contributions	122,923	120,350
	4,021,100	4,259,190
Comprise amounts paid to:		
Directors of the Company	3,062,011	3,592,314
Other key management personnel	959,089	666,876
	4,021,100	4,259,190

Directors' remuneration and fees totalled $2,926,011 (2014: $3,403,438) and $136,000 (2014: $188,876), respectively.

The remuneration of certain key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

33 COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

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

Group	2015	2014
	$	$
- Subcontractors' costs	-	77,974,079
- Project costs and construction management fees	212,234,648	241,619,391

(b) Operating lease commitments – as lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of up to 6 years (2014: 2 to 8 years). All leases include a clause to enable upward revision of the rental charge on an annual basis on prevailing market conditions.

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

Group	2015	2014
	$	$
Not later than one year	21,187,380	35,288,577
Later than one year but not later than five years	34,572,998	73,876,612
Later than five years	757,701	3,156,273
	56,518,079	112,321,462

(c) Operating lease commitments – as lessee

The Group has entered into leases for rental of buildings from an external third party and a related party as disclosed in Note 32. These non-cancellable leases have remaining non-cancellable lease term between 1 year and 16 years (2014: 1 year and 17 years), with no renewal option or escalation clauses included in the lease contract. There are no restrictions placed upon the Group by entering into this contract. Operating lease payments recognised in the consolidated income statement during the year amounted to $3,390,332 (2014: $3,401,092).

Future minimum lease payments payable under non-cancellable operating leases at the end of the reporting period are as follows:

Group	2015	2014
	$	$
Not later than one year	3,437,928	3,185,763
Later than one year but not later than five years	11,716,571	11,475,046
Later than five years	40,020,200	42,621,347
	55,174,699	57,282,156

34 CORPORATE GUARANTEES, UNSECURED

The Company has given corporate guarantees of $527,377,375 (2014: $436,378,025) to financial institutions in connection with credit facilities granted to its subsidiaries. The liabilities of the Company are limited to the outstanding principal amounts and bankers' guarantee issued by financial institutions of its subsidiaries amounting to $404,630,375 (2014: $480,811,025).

35 DIVIDENDS

Group and Company	2015	2014
	$	$
Declared and paid during the financial year:		
Dividends on ordinary shares :		
- Final exempt (one-tier) dividend for 2014 – 1.0 cents (2013: 0.8 cents) per share	4,705,575	3,764,463
	4,705,575	3,764,463

Proposed but not recognised as a liability as at 31 December:

Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:

Group and Company	2015	2014
	$	$
Dividends on ordinary shares, subject to shareholders' approval at the AGM :		
- Final exempt (one-tier) dividend for 2015 – 1.0 cent (2014: 1.0 cent) per share	4,705,575	4,705,575

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, credit risk, foreign exchange risk and market price risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Executive Director and Financial Controller. The Audit and Risk Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial years, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and the 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 exposure to these financial risks or the manner in which it manages and measures the risks, except as disclosed in Interest rate risk section below.

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

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 the market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their bank loans and borrowings, and interest-bearing loans from related companies and subsidiaries. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually repriced at intervals of less than 6 months (2014: less than 6 months) from the end of the reporting period.

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's long term debt obligation with floating interest rates. The management reviews the interest rate strategies to minimise interest rate risk by taking into account the cash flow forecasts, term of debt obligation and market outlook. During the financial year, the Group entered into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

Sensitivity analysis for interest rate risk

At 31 December 2015, if SGD interest rates had been 100 (2014: 100) basis points higher with all other variables held constant, the Group's loss (2014: profit) net of tax would have been $3,166,000 (2014: $3,832,000) higher (2014: lower), arising mainly as a result of higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

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

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 to arrange specific credit facilities for each individual projects with different banks. With the good reputation and the long term relationship maintained with the banks, the Group is able to obtain high financing quantum of 55% to 80% on the development cost at favourable interest rates.

In addition, the Group has maintained standby credit facilities such as term loans and bank overdraft to meet any immediate obligations. For projects that have been fully sold, the management has also managed to obtain money market loan for working capital requirement, out of proceeds receivables from the sales of units.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities

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 repayments obligations:

Group	Less than 1 year $	1 to 5 years $	Total $
2015			
Financial assets:			
Cash and short-term deposits	37,645,157	-	37,645,157
Other investments	36,998,113	-	36,998,113
Trade and other receivables	6,855,744	34,700	6,890,444
Other assets	412,891	26,882,356	27,295,247
Due from related companies (trade)	10,917	-	10,917
Due from related companies (non-trade)	3,669	-	3,669
Total undiscounted financial assets	81,926,491	26,917,056	108,843,547
Financial liabilities			
Trade and other payables	20,342,755	-	20,342,755
Due to related companies (trade)	244,106	-	244,106
Due to a related company (non-trade)	23,717	-	23,717
Other liabilities	15,240,701	742,772	15,983,473
Medium term notes	119,096,875	-	119,096,875
Interest bearing loans and borrowings	167,087,744	245,445,304	412,533,048
Total undiscounted financial liabilities	322,035,898	246,188,076	568,223,974
Total net undiscounted financial liabilities	(240,109,407)	(219,271,020)	(459,380,427)
2014			
Financial assets:			
Cash and short-term deposits	33,330,451	-	33,330,451
Other investments	34,299,513	-	34,299,513
Trade and other receivables	54,035,778	41,900	54,077,678
Other assets	1,160,518	19,125,956	20,286,474
Due from related companies (trade)	16,433	-	16,433
Due from related companies (non-trade)	41	-	41
Total undiscounted financial assets	122,842,734	19,167,856	142,010,590
Financial liabilities			
Trade and other payables	14,346,771	323,272	14,670,043
Due to related companies (trade)	534,021	-	534,021
Due to a related company (non-trade)	16,168	-	16,168
Other liabilities	28,202,767	1,716,144	29,918,911
Medium term notes	5,579,235	119,763,333	125,342,568
Interest bearing loans and borrowings	192,416,305	273,382,756	465,799,061
Total undiscounted financial liabilities	241,095,267	395,185,505	636,280,772
Total net undiscounted financial liabilities	(118,252,533)	(376,017,649)	(494,270,182)

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

Company	Less than 1 year $	1 to 5 years $	Total $
2015			
Financial assets:			
Cash and short-term deposits	790,674	-	790,674
Other assets	450	-	450
Due from subsidiaries (trade)	1,743,403	-	1,743,403
Due from subsidiaries (non-trade)	348,541,495	40,062,649	388,604,144
Total undiscounted financial assets	351,076,022	40,062,649	391,138,671
Financial liabilities			
Trade and other payables	42,030	-	42,030
Other liabilities	2,224,418	-	2,224,418
Due to subsidiaries (trade)	162,815	-	162,815
Due to subsidiaries (non-trade)	78,151,894	-	78,151,894
Due to joint venture (trade)	60,376	-	60,376
Due to joint venture (non-trade)	2,095,144	-	2,095,144
Interest bearings loans and borrowings	28,490	54,607	83,097
Medium term notes	119,096,875	-	119,096,875
Total undiscounted financial liabilities	201,862,042	54,607	201,916,649
Total net undiscounted financial assets	149,213,980	40,008,042	189,222,022
2014			
Financial assets:			
Cash and short-term deposits	2,513,158	-	2,513,158
Other assets	450	-	450
Due from subsidiaries (trade)	1,333,323	-	1,333,323
Due from subsidiaries (non-trade)	297,996,959	-	297,996,959
Total undiscounted financial assets	301,843,890	-	301,843,890
Financial liabilities			
Trade and other payables	80,684	-	80,684
Other liabilities	2,379,488	-	2,379,488
Due to subsidiaries (non-trade)	86,893,469	-	86,893,469
Medium term notes	5,579,235	119,763,333	125,342,568
Total undiscounted financial liabilities	94,932,876	119,763,333	214,696,209
Total net undiscounted financial assets/(liabilities)	206,911,014	(119,763,333)	87,147,681

Short-term funding is obtained from term loans and bank overdraft facilities.

The Group is significantly reliant on bank financing. Management believes that the Group is able to raise cash by selling development properties and properties held for sale.

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (Cont'd)

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

Group and Company	Less than 1 year $	1 to 5 years $	Total $
2015			
Financial guarantees	163,291,745	241,338,630	404,630,375
2014			
Financial guarantees	209,090,500	271,720,525	480,811,025

Credit risk

Credit risk is the risk of loss that may arise on 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 the other financial assets (including investment securities, cash and short-term deposits), 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.

<u>Excessive risk concentration</u>

Concentration arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

<u>Exposure to credit risk</u>

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
- A nominal amount of $527,377,375 (2014: $436,378,025) relating to corporate guarantees provided by the Company to banks on subsidiaries' bank facilities

Information regarding credit exposure for trade and other receivables is disclosed in Note 17.

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit risk (Cont'd)

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. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

Group	2015		2014	
	$	% of total	$	% of total
By country:				
Australia	569,168	12	486,890	1
Singapore	4,223,445	88	52,184,807	99
	4,792,613	100	52,671,697	100
By industry sectors:				
Property	-	-	46,839,261	89
Construction	1,889,032	39	3,239,833	6
Rental	1,134,911	24	496,487	1
Hotel	1,680,230	35	1,808,898	3
Leisure	88,440	2	287,218	1
	4,792,613	100	52,671,697	100

At the end of the reporting period, approximately Nil% (2014: 89%) of the Group's trade receivables were due from sale of development properties.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits and other investments 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.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 (Trade and other receivables).

Foreign currency risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group has some assets and liabilities denoted in foreign currencies like Malaysia Ringgit, Japanese Yen, United States Dollar, Bangladesh Taka, Euro, British Pound, Canada Dollar, Swiss Franc and Hong Kong Dollar which are not significant to the Group.

The Group is also exposed to currency translation risk arising from its net investments in foreign operation in Australia. The Group manages foreign exchange risk by hedging the cost of equity borrowing through currency swaps. The Group's investment in its Australia subsidiary is also hedged by a Australia Dollar denominated bank loan, which mitigates structural currency exposure arising from the subsidiary's net assets.

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are quoted on the SGX-ST in Singapore and are classified as held for trading financial assets. The Group does not have exposure to commodity price risk.

<u>Sensitivity analysis for equity price risk</u>

At the end of the reporting period, if the Straits Times Index had been 2% (2014: 2%) higher/lower with all other variables held constant, the Group's loss (2014: profit) net of tax would have been $614,169 (2014: $569,372) lower/higher (2014: higher/lower), arising as a result of higher/lower fair value gains on held for trading investments in equity instruments, and the Group's equity would have been $614,169 (2014: $569,372) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as held for trading.

37 FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

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

- Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 - Unobservable inputs for the asset or liability.

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

37 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Fair value measurements at the end of the reporting period using			
Group	Quoted prices in active markets for identical instruments (Level 1)	**Significant** observable inputs other than quoted prices (Level 2)	**Significant** unobservable inputs (Level 3)	Total
2015	$	$	$	$
Recurring fair value measurements				
Assets				
Financial assets:				
Held for trading financial assets (Note 20)				
Quoted investments	28,572,195	-	-	28,572,195
Unquoted investments	-	8,425,918	-	8,425,918
Total held for trading financial assets	28,572,195	8,425,918	-	36,998,113
Derivatives (Note 22)				
Interest rate swaps	-	748,983	-	748,983
Currency swaps	-	2,198,071	-	2,198,071
Total derivatives	-	2,947,054	-	2,947,054
Financial assets as at 31 December 2015	28,572,195	11,372,972	-	39,945,167
Non-financial assets:				
Disposal group classified as held for sale	-	-	-	-
Non-financial assets as at 31 December 2015	-	-	-	-
Liabilities				
Financial liabilities:				
Derivatives (Note 22)				
Interest rate swaps	-	(2,981,146)	-	(2,981,146)
Currency swaps	-	44,919	-	44,919
Total derivatives	-	(2,936,227)	-	(2,936,227)
Financial liabilities as at 31 December 2015	-	(2,936,227)	-	(2,936,227)

37 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Assets and liabilities measured at fair value (Cont'd)

	Fair value measurements at the end of the reporting period using			
Group	Quoted prices in active markets for identical instruments (Level 1)	**Significant** observable inputs other than quoted prices (Level 2)	**Significant** unobservable inputs (Level 3)	Total
2014	$	$	$	$
Recurring fair value measurements				
Assets				
Financial assets:				
Held for trading financial assets (Note 20)				
Quoted investments	28,458,093	-	-	28,458,093
Unquoted investments	-	5,841,420	-	5,841,420
Total held for trading financial assets	28,458,093	5,841,420	-	34,299,513
Derivatives (Note 22)				
Currency swaps	-	1,383,037	-	1,383,037
Total derivatives	-	1,383,037	-	1,383,037
Financial assets as at 31 December 2014	28,458,093	7,224,457	-	35,682,550
Non-financial assets:				
Disposal group classified as held for sale*	-	-	198,375,206	198,375,206
Non-financial assets as at 31 December 2014	-	-	198,375,206	198,375,206
Liabilities				
Financial liabilities:				
Derivatives (Note 22)				
Interest rate swaps	-	(3,293,983)	-	(3,293,983)
Currency swaps	-	(934,375)	-	(934,375)
Total derivatives	-	(4,228,358)	-	(4,228,358)
Financial liabilities as at 31 December 2014	-	(4,228,358)	-	(4,228,358)

* Disposal group classified as held for sale with a carrying amount of $201,702,521 were written down to their fair value less cost to sell of $198,375,206, resulting in a net loss of $3,327,315, which was included in the profit or loss in 2014.

37 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives

Currency swaps and 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, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

Unquoted investments

The fair values of unquoted investments are determined by using valuation techniques. These include the use of recent arm's length transactions, reference to current market value of another instrument which is substantially the same or discounted cash flow analysis.

(d) Level 3 fair value measurements

Information about significant unobservable inputs

In 2014, the "disposal group classified as held for sale" is measured using level 3 fair value measurements. The market comparable approach is used to arrive at the fair value of $198,375,206 as at 31 December 2014 including adjustments made for any difference in the nature, location or condition of the specific property, based on management's assumptions.

Valuation policies and procedures

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

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated 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.

37 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(e) Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's assets and liabilities not measured at fair value but for which fair value is disclosed, or for which assets are impaired to fair value:

	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant** observable inputs other than quoted prices (Level 2)	**Significant** unobservable inputs (Level 3)	Total
Group	$	$	$	$
2015				
Assets				
Investment properties	-	-	258,302,000	258,302,000
2014				
Assets				
Investment properties	-	-	377,275,000	377,275,000

Determination of fair value

The fair value as disclosed in the table above is based on advice from firm of independent professional valuers.

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

The carrying amounts of cash and short term deposits, trade and other receivables, other assets, due from/to related companies (trade)/(non-trade), trade and other payables, other liabilities and interest-bearing loans and borrowings are reasonable approximation of their fair values, either due to their short-term nature or that they are floating rate instruments that are repriced to market interest rate on or near the end of the reporting period.

38 CAPITAL MANAGEMENT

Capital includes debt and equity items as disclosed in the table below:

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 debt equity ratio, which is total interest bearing loans and borrowings divided by equity attributable to the owners of the Company.

Group	2015	2014
	$	$
Interest bearing loans and borrowings (Note 27)	514,566,472	577,016,790
Equity attributable to the owners of the Company	673,067,099	685,075,954
Debt equity ratio	76.5%	84.2%

39 SEGMENT INFORMATION

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

i. The development properties segment is in the business of acquiring land/property and developing them into residential/industrial/commerical properties for sales.

ii. The construction segment is in the business of contractors for civil and general road construction works, general contractors, trading of construction materials.

iii. The rental segment is in the business of renting of space under the investment properties.

iv. The leisure segment is in the business of providing leisure and recreational facilities, including bowling centres, billiards centres and amusement centres under the brands 'SuperBowl' and 'SuperFunworld'.

v. The hotel operations segment is operated under the brand names of "Ramada Singapore" and "Days Hotel Singapore".

vi. The others segment is involved in Group-level corporate services, treasury functions and investments in marketable securities.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes which 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.

39 SEGMENT INFORMATION (CONT'D)

2015	Development properties $	Construction $	Rental $	Hotel operations $	Leisure $	Others $	Elimination $	Consolidation $
Revenue:								
Segmental revenue								
- External sales	17,530,067	-	36,607,739	46,100,837	7,541,021	-	-	107,779,664
- Inter-segment sales (Note A)	-	-	558,154	-	-	1,023,675	(1,581,829)	-
	17,530,067	-	37,165,893	46,100,837	7,541,021	1,023,675	(1,581,829)	107,779,664
Results:								
Other income	31,181	115,273	5,860,069	-	34,527	1,430,162	-	7,471,212
Financial income	882	1,748	286,693	-	2,627	356,637	-	648,587
Financial expenses	(608,100)	(156,035)	(4,579,957)	(4,953,251)	-	(5,747,452)	-	(16,044,795)
Fair value loss on held for trading investment - quoted	-	-	-	-	-	(6,426,791)	-	(6,426,791)
Fair value loss on held for trading investment - unquoted	-	-	-	-	-	(51,781)	-	(51,781)
Fair value change in derivatives instruments	-	-	1,232,931	634,685	-	-	-	1,867,616
Depreciation	-	(242,621)	(7,689,921)	(3,138,016)	(622,443)	(23,328)	(10,951,594)	(22,667,923)
Other expenses (Note B)	-	(11,867)	(2,439,466)	-	(299,186)	-	-	(2,750,519)
Segment profit/(loss) (Note C)	6,435,206	(4,747,112)	2,816,691	9,125,842	227,805	(12,101,342)	(12,533,423)	(10,776,333)
Assets:								
Additions to non-current assets (Note D)	-	45,632	581,937	11,115,217	102,743	428,888	-	12,274,417
Segment assets (Note E)	113,588,153	59,476,659	609,287,146	153,874,497	3,407,295	968,355,915	(553,991,687)	1,353,997,978
Segment liabilities (Note F)	32,840,764	34,794,136	674,768,509	7,188,331	1,574,458	477,982,916	(551,883,582)	677,265,532

39 SEGMENT INFORMATION (CONT'D)

2014	Development properties $	Construction $	Rental $	Hotel operations $	Leisure $	Others $	Elimination $	Consolidation $
Revenue:								
Segmental revenue								
- External sales	58,580,083	897,731	33,132,281	36,088,571	7,720,286	3,530	-	136,422,482
- Inter-segment sales (Note A)	42,000,000	5,922,547	485,352	-	-	1,821,339	(50,229,238)	-
	100,580,083	6,820,278	33,617,633	36,088,571	7,720,286	1,824,869	(50,229,238)	136,422,482
Results:								
Other income	2,620,393	324,277	7,509,735	-	71,402	646,873	(3,825,070)	7,347,610
Gain on bargain purchase arising from acquisition	-	-	-	-	-	147,544,460	-	147,544,460
Gain on re-measurement upon business combination achieved in stages	-	-	-	-	-	200,353,085	-	200,353,085
Financial income	18,884	14,350	312,480	-	4,118	442,115	-	791,947
Financial expenses	(2,155,693)	(2,192)	(3,722,123)	-	(198)	(10,209,549)	-	(16,089,755)
Fair value loss on held for trading investment - quoted	-	(97,145)	-	-	-	(7,179,857)	-	(7,277,002)
Fair value gain on held for trading investment - unquoted	-	-	-	-	-	153,110	-	153,110
Depreciation	-	(268,331)	(4,332,773)	(2,591,979)	(615,603)	(919,094)	(9,671,388)	(18,399,168)
Other expenses (Note B)	(3,347,420)	-	(2,071,484)	-	(80,262)	(24,259,104)	18,723,229	(11,035,041)
Share of results of joint ventures	-	-	-	-	-	(1,410,067)	1,408,411	(1,656)
Segment profit/(loss) (Note C)	28,051,941	(3,429,584)	12,584,464	8,452,615	1,139,201	294,998,680	(9,819,143)	331,978,174
Assets:								
Additions to non-current assets (Note D)	-	267,361	155,354,842	-	555,797	2,363,304	-	158,541,304
Segment assets (Note E)	455,556,933	22,768,436	573,951,824	154,570,101	4,063,790	853,994,686	(497,778,756)	1,567,127,014
Segment liabilities (Note F)	166,946,306	50,654,304	628,595,158	5,346,132	1,645,959	481,736,105	(456,961,070)	877,962,894

39 SEGMENT INFORMATION (CONT'D)

Notes

A Inter-segment revenues are eliminated on consolidation.

B Other expenses consist of loss on disposal of property, plant and equipment, property, plant and equipment written off, and impairment loss for properties held for sale and investment properties.

C The following items are (added to)/deducted from segment (loss)/profit to arrive at "(Loss)/Profit before tax" presented in the consolidated income statement:

	2015 $	2014 $
Profit from inter-segment sales	1,581,829	16,454,325
Share of results of joint ventures	-	(1,408,411)
Unallocated corporate expenses	-	(18,723,229)
Other income	-	3,825,070
Depreciation	10,951,594	9,671,388
	12,533,423	9,819,143

D Additions to non-current assets consist of additions to property, plant and equipment and investment properties.

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

	2015 $	2014 $
Investment in subsidiaries	188,351,666	163,101,684
Deferred tax assets	12,477,734	7,178,368
Tax recoverable	145,084	-
Inter-segment assets	353,017,203	327,498,704
	553,991,687	497,778,756

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

	2015 $	2014 $
Other liabilities	455,657,588	338,843,322
Tax payable	10,431,755	24,785,503
Deferred tax liabilities	85,794,239	93,332,245
	551,883,582	456,961,070

39 SEGMENT INFORMATION (CONT'D)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2015 $	2014 $	2015 $	2014 $
Australia	19,635,393	19,326,930	176,864,544	259,115,196
Singapore	88,144,271	117,095,552	786,208,243	804,605,597

There had been no transaction with a single external customer that amounts to 10% of the Group revenue.

40 ACQUISITION

(a) Acquisition of subsidiaries in 2014

On 7 October 2013, Maybank Kim Eng Securities Pte Ltd made a Pre-conditional Offer Announcement for and on behalf of Hiap Hoe Strategic Pte. Ltd. ("HHS"), a wholly-owned subsidiary of the Company, to acquire all the issued and paid up ordinary shares in the capital of SuperBowl Holdings Limited and its subsidiaries ("SuperBowl").

On 6 January 2014, Maybank Kim Eng Securities Pte Ltd made an Offer Announcement for and on behalf of HHS, to acquire all the issued and paid up ordinary shares in the capital of SuperBowl.

On 21 January 2014, Maybank Kim Eng Securities Pte Ltd issued for and on behalf of HHS's Offer documents to acquire all issued and paid-up ordinary shares in SuperBowl at $0.75 per share. The closing date of the Offer was 4 March 2014. As at 4 March 2014, the offer had closed and HHS acquired 96.94% of the issued and paid up ordinary shares of SuperBowl. The Group took effective control of SuperBowl on 28 February 2014.

On 19 March 2014, HHS issued letters to shareholders of SuperBowl who have not accepted the Offer (the "Non-Assenting SuperBowl Shareholders"), to inform the Non-Assenting SuperBowl Shareholders of their right, under and subject to Section 215 (3) of the Companies Act, to require HHS to acquire their SuperBowl Shares at the same terms as those applicable under the Offer, including but not limited to the Offer Price, by serving notice requiring HHS to do so. As at Offer closing date 19 June 2014, HHS has acquired 98.91% of the issued and paid up ordinary shares of SuperBowl.

During the year ended 31 December 2014, the Company completed the acquisition of SuperBowl Holdings Limited and its subsidiaries. As at 31 December 2014, the Company has a shareholding of 98.99% in SuperBowl Holdings Limited. The Group acquired SuperBowl as there is a strategic and operational fit between property development and investment business of the Group and SuperBowl's business in investments in commercial properties.

The Group has elected to measure the non-controlling interests ("NCI") at NCI's proportionate share of SuperBowl's net identifiable assets.

The fair value of the identifiable assets and liabilities of SuperBowl, Goodluck View Development ("GLV") and HH Properties Pte Ltd ("HHP") as at the acquisition date on 28 February 2014 were:

40 ACQUISITION (CONT'D)

(a) Acquisition of subsidiaries in 2014 (Cont'd)

	Fair value recognised on acquisition
	$
Cash and cash equivalents	39,472,657
Trade and other receivables	54,120,070
Inventories	2,144,991
Other current assets	1,548,628
Other investments	10,799,218
Property, plant and equipment	722,825,918
Investment properties	87,750,000
Other non-current assets	38,500
	918,699,982
Trade and other payables	34,821,748
Current income tax liabilities	2,084,379
Deferred income tax liabilities	83,621,592
Interest-bearing loans and borrowings	197,785,478
	318,313,197
Identifiable net assets acquired at fair value for SuperBowl	600,386,785
Fair value of equity interest in GLV and HHP held by the Group immediately before the acquisition	(6,727,119)
Gain on bargain purchase arising from acquisition	(147,544,460)
Gain on re-measurement of investment in joint venture company to fair value upon business combination achieved in stages	(200,353,085)
Fair value of consideration	245,762,121
Fair value of non-controlling interest	(1,618,885)
Acquisition date fair value	244,143,236
Non-controlling interests	(7,454,351)
Cash consideration paid	236,688,885
Cash and cash equivalents in subsidiaries acquired	(39,472,657)
Net cash outflow on acquisitions	197,216,228

Transaction costs

Transaction costs related to the acquisition of $703,792 have been recognised in the "Administrative expenses" line item in the Group's profit or loss for the year ended 31 December 2014.

Gain on remeasuring previously held equity interest in GLV and HHP to fair value at acquisition date

The Group recognised a gain of $200,353,085 as a result of measuring at fair value its 60% and 50% equity interest in GLV and HHP, respectively held before the business combination. The gain is included in the "Gain on re-measurement of investment in joint venture company to fair value upon business combination achieved in stages" line item in the Group's profit or loss for the year ended 31 December 2014.

Gain on bargain purchase arising from acquisition

The Group's acquisition of SuperBowl was based on an offer price of $0.75 per share, which represented a 15.4% premium over SuperBowl's last traded price of $0.65. The traded price of SuperBowl had been substantially below the underlying assets of SuperBowl.

The Group recognised a gain on bargain purchase of $147,544,460 as a result of the fair value of net assets acquired exceeding total purchase price. The gain is included in the "Gain on bargain purchase" line item in the Group's profit or loss for the year ended 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the financial year ended 31 December 2015

40 ACQUISITION (CONT'D)

(a) Acquisition of subsidiaries in 2014 (Cont'd)

Impact of the acquisition on profit or loss

From the acquisition date, SuperBowl and HHP have contributed $57,993,827 of revenue and $7,962,010 to the Group's profit for the year. If the business combination had taken place at the beginning of the year, the Group's revenue would have been $146,752,464 and the Group's profit, net of tax would have been $323,019,330.

(b) Acquisition of non-controlling interest in 2014

HHS has acquired an additional 0.08% equity interest in SuperBowl from its non-controlling interests for a cash consideration of $172,200 subsequent to the Offer close date. The difference of $1,822,625 between the consideration and the carrying value of the additional interest acquired has been recognised as "Premium paid on acquisition of non-controlling interests" within equity.

41 DIRECTORS' REMUNERATION

The numbers of Directors of the Company whose emoluments fall within the following bands are:

Company	2015	2014
$1,750,001 to $2,000,000	1	1
$750,001 to $1,000,000	-	1
$250,001 to $500,000	2	1
Below $250,000	3	3
	6	6

42 SUBSEQUENT EVENTS

On 22 January 2016, the Group has announced the completion of sale for 206 Bourke Street, Melbourne, Australia with ISPT Pty Ltd. Following the sale completion, the Group has received the balance 95% of the Consideration amounting to A$110,466,000.

Subsequently on 16 March 2016, the Group has entered into a binding Heads of Agreement with A.& J. Brady Pty Ltd in relation to the proposed sale of 380 Lonsdale Street, Melbourne, Australia for A$60,000,000. This Heads of Agreement is subject to various conditions including approval of both the boards of directors of A. & J. Brady Pty Ltd and Hiap Hoe, as well as the due diligence exercise.

43 COMPARATIVE FIGURES

Certain comparatives figures below were reclassified to conform to current year's presentation. A third Balance Sheet as at 1 January 2014 is not required as the reclassification for comparative figures do not affect the Balance Sheet.

Group	Previously reported in 2014 $	**Amount reclassified for** comparative in 2015 $
Other income	7,500,720	8,833,538
Fair value changes in financial instruments	-	(8,539,116)
Administrative expenses	(74,287,140)	(79,855,869)
Other expenses	(18,312,043)	(5,537,016)

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 28 March 2016.

STATISTICS OF SHAREHOLDINGS

As at 15 March 2016

Number of Issued Shares (including Treasury Shares)	:	474,557,391
Number of Issued Shares (excluding Treasury Shares)	:	470,557,541
Number of Treasury Shares	:	3,999,850
Class of Shares	:	Ordinary
Voting Rights (excluding Treasury Shares)	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1-99	414	14.80	14,647	0.00
100-1,000	697	24.91	369,707	0.08
1,001-10,000	927	33.13	4,279,969	0.91
10,001-1,000,000	739	26.41	44,660,547	9.49
1,000,001 and above	21	0.75	421,232,671	89.52
Total	2,798	100.00	470,557,541	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	HIAP HOE HOLDINGS PTE LTD	328,693,876	69.85
2	CIMB SECURITIES (SINGAPORE) PTE. LTD.	24,631,433	5.23
3	DBS NOMINEES (PRIVATE) LIMITED	11,821,125	2.51
4	SOON LI HENG CIVIL ENGINEERING PTE LTD	9,125,000	1.94
5	SBS NOMINEES PRIVATE LIMITED	8,000,000	1.70
6	MORPH INVESTMENTS LTD	6,431,700	1.37
7	HONG LEONG FINANCE NOMINEES PTE LTD	5,435,750	1.16
8	SING INVESTMENTS & FINANCE NOMINEES (PTE.) LTD.	4,300,000	0.91
9	DB NOMINEES (SINGAPORE) PTE LTD	2,725,700	0.58
10	CITIBANK NOMINEES SINGAPORE PTE LTD	2,458,250	0.52
11	HENG SIEW ENG	2,331,000	0.50
12	SOON LEE HENG TRADING & TRANSPORTATION PTE LTD	2,243,750	0.48
13	TEO HO BENG	2,130,750	0.45
14	ROLAND TEO HO KANG	1,875,000	0.40
15	HSBC (SINGAPORE) NOMINEES PTE LTD	1,726,950	0.37
16	OCBC SECURITIES PRIVATE LIMITED	1,658,111	0.35
17	LEONG CHONG LING	1,239,900	0.26
18	UOB KAY HIAN PRIVATE LIMITED	1,239,076	0.26
19	CHIN KIAM HSUNG	1,149,500	0.24
20	SIAH YANG WEN OLIVER	1,014,800	0.22
TOTAL		420,231,671	89.30

The percentage of the issued shares is calculated based on the number of issued shares as at 15 March 2016, excluding any treasury shares held at that date.

29.26% of the Company's shares (excluding treasury shares) are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

<u>Substantial Shareholders as at 15 March 2016</u>

No.	Name	Direct Interest	%	Deemed Interest	%
1	Hiap Hoe Holdings Pte Ltd	328,693,876	69.852	-	-
2	Teo Ho Beng	2,130,750	0.453	328,693,876	69.852
3	Roland Teo Ho Kang	1,875,000	0.398	328,693,876	69.852

Note:
Messrs Teo Ho Beng and Roland Teo Ho Kang's deemed interests are derived from their shareholdings in Hiap Hoe Holdings Pte Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hiap Hoe Limited (the "**Company**") will be held at Ramada Singapore At Zhongshan Park, 16 Ah Hood Road, Zhongshan Room Level 2, Singapore 329982 on Thursday, 28 April 2016 at 10.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Auditors' Report. **(Resolution 1)**

2. To declare a final dividend of 1.00 Singapore cent per ordinary share (tax exempt one-tier) for the financial year ended 31 December 2015 (FY2014: 1.00 Singapore cent per ordinary share). **(Resolution 2)**

3. To re-elect Mr Teo Ho Beng who is retiring pursuant to Article 106 of the Constitution of the Company. **(Resolution 3)**

4. To re-elect the following Directors of the Company who are retiring pursuant to Article 91 of the Constitution of the Company:

   Mr Ronald Lim Cheng Aun **(Resolution 4)**
   Mr Koh Kok Heng, Leslie **(Resolution 5)**

5. To approve the payment of Directors' fees of S$136,000.00 for the financial year ended 31 December 2015 (FY2014: S$136,000.00). **(Resolution 6)**

6. To re-appoint Messrs Foo Kon Tan LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **Authority to issue shares**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in 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) options, 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 of the Company may in their absolute discretion deem fit; and

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

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (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 shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

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

   (a) new shares arising from the conversion or exercise of any convertible securities;

   (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

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

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

(4) unless revoked or varied by the Company in a general meeting, such authority 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 earlier.

[See Explanatory Note (i)] (Resolution 8)

9. Authority to issue shares under the Hiap Hoe Performance Share Plan

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to grant awards in accordance with the provisions of the Hiap Hoe Performance Share Plan (the **"Plan"**) and to allot and issue from time to time such number of fully paid-up shares in the capital of the Company as may be required to be allotted and/or issued pursuant to the vesting of the awards provided that the aggregate number of shares available under the Plan and any other share-based schemes which the Company may implement from time to time, and the Plan, shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, 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 earlier.

[See Explanatory Note (ii)] (Resolution 9)

By Order of the Board

Ong Beng Hong
Joint Company Secretary
Singapore, 12 April 2016

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Explanatory Notes:

(i) The Ordinary Resolution 8, if passed, will empower the Directors of the Company, effective 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for 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 when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(ii) The Ordinary Resolution 9, if passed, will empower the Directors of the Company, effective 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to grant awards in accordance with the provisions of the Plan and to allot and issue from time to time such number of fully paid-up shares in the capital of the Company as may be required to be issued pursuant to the vesting of the awards provided that the aggregate number of shares available under the Plan and any other share-based schemes which the Company may implement from time to time, and the Plan, not exceeding, in total, 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company.

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead.

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

3. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint one (1) or two (2) proxies to attend, speak, and vote on his behalf at the Annual General Meeting. Where a member appoints two (2) proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form. 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 proxy.

   (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint more than two (2) proxies to attend, speak, 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 proxy form appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

4. Where the instrument appointing a proxy is signed on behalf of the appointer 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), if required by law, be stamped and be deposited at the registered office of the Company not less than 48 hours before the time for holding the Annual General Meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

5. The instrument appointing a proxy must be deposited at the registered office of the Company at 18 Ah Hood Road, #13-51 Hiap Hoe Building At Zhongshan Park, Singapore 329983 not less than 48 hours before the time appointed for holding the Annual General Meeting.

6. A depositor shall not be regarded as a member of a Company entitled to attend, speak, and vote at the Annual General Meeting unless his name appears on the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289) 72 hours before the time fixed for the Annual General Meeting.

Personal data privacy:

By attending the Annual General Meeting and/or any adjournment thereof or 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) for the purpose of the processing and administration by the Company (or its agents) of proxy(ies) and/or representative(s) 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) 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), 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) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will 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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ANNUAL GENERAL MEETING
HIAP HOE LIMITED

Company Registration Number 199400676Z
(Incorporated in the Republic of Singapore)

Important:
1. For investors who have used their CPF monies to buy shares in the capital of Hiap Hoe Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.
4. Relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50) may appoint more than two (2) proxies to attend, speak, and vote at the Meeting.

PROXY FORM

(Please see notes overleaf before completing the Proxy Form)

I/We* ____ (Name)

Of ____ (Address)

being a member/members* of Hiap Hoe Limited (the "**Company**") hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

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

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting (the "**Meeting**"), as my/our proxy/proxies, to vote for me/us on my/our behalf at the Meeting of the Company to be held on 28 April 2016 at 10.30 a.m. at Ramada Singapore At Zhongshan Park, 16 Ah Hood Road, Zhongshan Room Level 2, Singapore 329982, and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

(Please indicate your vote "For" or "Against" with an "X" within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2015		
2	Payment of proposed final dividend of 1.0 Singapore cent per ordinary share		
3	Re-election of Mr Teo Ho Beng as a Director		
4	Re-election of Mr Ronald Lim Cheng Aun as a Director		
5	Re-election of Mr Koh Kok Heng, Leslie as a Director		
6	Approval of Directors' fees amounting to S$136,000.00		
7	Re-appointment of Foo Kon Tan LLP as Auditors		
8	Authority to allot and issue new shares		
9	Authority to issue shares under the Hiap Hoe Performance Share Plan		

* If you wish to exercise all your votes "For" or "Against", please indicate your vote "For" or "Against" with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ____________________ day of ____________________ 2016

Total Number of shares in:	
(a) CDP	
(b) Register of Members	
TOTAL	

____
Signature(s) of shareholder(s) or
common seal of corporate shareholder

Please cut along dotted line

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), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, 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 proxy need not be a member of the Company.

3. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint one (1) or two (2) proxies to attend, speak, and vote on his behalf at the Meeting. Where a member appoints two (2) proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the Proxy Form. 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 proxy.

   (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50) is entitled to appoint more than two (2) proxies to attend, speak, and vote at the 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 Proxy Form appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

4. The instrument appointing the proxy or proxies must be deposited at the registered office of the Company at 18 Ah Hood Road, #13-51 Hiap Hoe Building At Zhongshan Park, Singapore 329983, not less than 48 hours before the time appointed for the Meeting.

5. The instrument appointing the proxy or proxies must be under the hand of the appointor 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 a duly authorised officer or attorney.

6. Where the instrument appointing a proxy is signed on behalf of the appointer 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), if required by law, be stamped and be deposited at the registered office of the Company, not less than 48 hours before the time for holding the Meeting or adjourned meeting 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. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

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 the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names 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 attending the Meeting and/or any adjournment thereof or 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 Annual General Meeting.

HIAP HOE LIMITED
Company Registration No.
199400676Z

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