Hiap Hoe Limited
ANNUAL REPORT 2014






REFINING IDEAS
DEFINING OURSELVES

CONTENTS

Zhongshan Park

For a better understanding of the Annual Report and profile of the Company, shareholders are encouraged to download the SGX's Investor Guide Book via this link, http://www.sgx.com/wps/wcm/connect/sgx_en/home/individual_investor/investor_guide.

For more information on the Group, please visit www.hiaphoe.com.

2014 CALENDAR OF EVENTS

9 January
Execution of Letter of Intent and Term Sheet with Starwood Asia Pacific Hotels & Resorts Pte Ltd in relation to the proposed development of hotels at Pearl River Road and Lonsdale Street

17 February
Acquisition of 130 Stirling Street, Perth, Australia

21 February
2013 full year financial statement announcement

28 February
Took effective control of SuperBowl Holdings Limited with acquisition of 90.8% interest

15 April
Incorporation of HH Residences Pte Ltd

17 April
Annual General Meeting

12 May
1st quarter financial statement announcement

30 May
Extension of Early Contractor Involvement Agreement with Probuild Constructions (Aust) Pty Ltd

2 June
Execution of Hotel Management Agreement with Starwood Hotels & Resorts Worldwide, Inc. for Pearl River Road

24 June
Completion of acquisition of SuperBowl Holdings Limited

4 July
Launch of Marina Tower, Melbourne in Singapore

11 August
2nd quarter financial statement announcement

19 September
Sale of units in Signature At Lewis and Skyline 360° At St Thomas Walk to HH Residences Pte Ltd

6 November
3rd quarter financial statement announcement

8 December
Annoucement of sale of Hiap Hoe SuperBowl JV Pte Ltd to Hiap Hoe Holdings Pte Ltd

REFINING IDEAS DEFINING OURSELVES

At Hiap Hoe, we believe in constantly surpassing our own benchmarks. Quality is never compromised in what we do. We seek and refine ideas to deliver better value. That defines us.

For now and for our future.

Marina Tower, Melbourne

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 and hotel-cum-commercial properties that are distinct in design and preferred for their excellent location and investment prospects. The Group's residential portfolio includes signature projects such as Treasure on Balmoral, Skyline 360° At St Thomas Walk, Waterscape At Cavenagh, The Beverly and Signature At Lewis.

Hiap Hoe also owns an 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.

In 2014, Hiap Hoe made further inroads in its strategic overseas expansion with the acquisition of an investment property at 130 Stirling Street, Perth, Australia. This property comprises seven levels of retail and commercial accommodation with a total net lettable area of 12,349 square metres, with major anchor tenants like Commonwealth of Australia, Police & Nurses Credit Society and Downer EDI Mining Pty Ltd.

On 28 February 2014, the Group took effective control of SuperBowl by acquiring 90.8% of the issued and paid-up share capital.

In June 2014, Hiap Hoe entered into a hotel management agreement with Starwood Hotels & Resorts Worldwide, Inc. to manage the hotel to be developed at 6-22 Pearl River Road, Docklands, Australia, under the Four Points® brand with 273 keys.

In early July 2014, Hiap Hoe kicked off its launch of Marina Tower, Melbourne in Singapore. Marina Tower, Melbourne is a hotel cum residential development comprising 461residential units. Pleasingly the project is well-sold, with sales value in excess of $200m and sales achieved of over 70% sold.

In connection with an internal restructuring exercise, the Group completed its sale of units in Skyline 360°At St Thomas Walk and Signature At Lewis to HH Residences Pte Ltd in September 2014.

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.

GROUP STRUCTURE

AS AT 31 DECEMBER 2014

HIAP HOE

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 ········ **98.99%** SuperBowl Holdings Limited ········
- **100%** SuperBowl Jurong Pte Ltd
- **100%** Super Funworld Pte Ltd
- **100%** SuperBowl Land Pte Ltd
- **60%** Cantonment Development Pte Ltd
- **40%** Hiap Hoe SuperBowl JV Pte Ltd
- **40%** Goodluck View Development

100% Meteorite (Australia) Pte Ltd ········ **100%** Meteorite Land Pty Ltd ········
- **100%** Meteorite Property (Pearl River) Pty Ltd
- **100%** Meteorite Property (Lonsdale Street) Pty
- **100%** Meteorite Property (Bourke Street) Pty Ltd
- **100%** Meteorite Property (Stirling Street) Pty Ltd
- **100%** Meteorite Development (Pearl River) Pty Ltd
- **100%** Meteorite Development (Lonsdale Street) Pty Ltd

100% HH Residences Pte Ltd

100% Meteorite Land Singapore Pte Ltd

60% Hiap Hoe SuperBowl JV Pte Ltd

40% Cantonment Development Pte Ltd

HOSPITALITY

50% HH Properties Pte Ltd

98.99% SuperBowl Holdings Limited ········ **50%** HH Properties Pte Ltd

CONSTRUCTION

100% WestBuild Construction Pte Ltd

LEISURE

100% Hiap Hoe Strategic Pte Ltd ········ **98.99%** SuperBowl Holdings Limited ········
- **100%** SuperBowl Development Pte Ltd
- **100%** SuperBowl Management Pte Ltd

INVESTMENTS

100% Hiap Hoe Investment Pte Ltd

100% Hiap Hoe Strategic Pte Ltd ········ **98.99%** SuperBowl Holdings Limited ········
- **100%** SuperBowl Golf & Country Club Pte Ltd
- **100%** SuperBowl Sentosa Pte Ltd

PROPERTY PORTFOLIO

Zhongshan Park Integrated Development
16, 18, 20 Ah Hood Road / 1 Jalan Rajah

17,661 Approximate Area (sq. metres)

39,121 Gross Floor Area (sq. metres)

9,985 Net Commercial Lettable Area (sq. metres)

50% Effective Group Interest (%)

384 Rooms, 4-star hotel
Ramada Singapore At Zhongshan Park

405 Rooms, 3-star hotel
Days Hotel Singapore At Zhongshan Park

Waterscape At Cavenagh
65, 67 Cavenagh Road

9,401 Approximate Land Area (sq. metres)

21,716 Gross Floor Area (sq. metres)

100% Effective Group Interest (%)

September 2014 TOP obtained

HH@Kallang
56 Kallang Pudding Road

4,471 Approximate Land Area (sq. metres)

11,174 Gross Floor Area (sq. metres)

100% Effective Group Interest (%)

December 2015 Expected Completion Date

56% Current Stage of Completion (estimated)

Marina Tower
6-22 Pearl River Road, Docklands
Melbourne, Victoria

3,795 Approximate Land Area (sq. metres)

66,732 Gross Floor Area (sq. metres)

100% Effective Group Interest (%)

End 2017 Expected Completion Date
Early works has commenced

130 Stirling Street
Perth, Western Australia

5,033 Approximate Land Area (sq. metres)

12,349 Net Lettable Area (sq. metres)

100% Effective Group Interest (%)

April 2014 Completion of Purchase

206 Bourke Street
Melbourne, Victoria

3,144 Approximate Land Area (sq. metres)

11,922 Net Lettable Area (sq. metres)

100% Effective Group Interest (%)

November 2013 Completion of Purchase

380 Lonsdale Street
Melbourne, Victoria

3,165 Approximate Land Area (sq. metres)

100% Effective Group Interest (%)

October 2013 Completion of Purchase

LETTER TO SHAREHOLDERS

Dear Shareholders,

The year 2014 was a challenging one for the Singapore property market in general. The luxury residential property segment experienced a marked slowdown in transaction volume, owing to lacklustre market momentum arising from a slew of cooling measures implemented by the Singapore government. With our Singapore residential projects already substantially sold by the end of 2013, the Group also saw reduced sales momentum for our projects in Singapore. Developments on the regional front however, took a more active turn.

Further Regional Expansion

The Group advanced Hiap Hoe's footprint outside Singapore with a number of key events, one of which was the launch of our maiden Australian integrated residential-cum-hotel development project, Marina Tower, Melbourne in July 2014. To date, 74% of the project has been sold, signalling strong investor confidence, and a highly positive start for the Group's first foray into the Australian property market. A Hotel Management Agreement has also been signed with Starwood Hotels & Resorts Worldwide, Inc. ("Starwood") to supervise and direct the hotel operations of Marina Tower, Melbourne under the Four Points® by Sheraton brand.

In April 2014, the Group completed the acquisition of an A-grade prime location commercial property in Perth, Australia. 130 Stirling Street is located along the northern fringe of Perth's Central Business District, and is 98% leased as at 31 December 2014. We believe our strategic regional acquisitions to date will provide a stable long-term source of recurring rental income, which will mitigate the Group's exposure to expectations of a subdued Singapore property market ahead.

Establishing Presence in New Segments of the Singapore Market

Without any sign of imminent relaxation of the cooling measures, we have maintained a prudent approach to our land banking, whilst watching market sentiment closely for an opportune time to launch new projects in our pipeline. The Group continues to pursue our strategy adopted in 2013, of bidding for land parcels in suburban areas in addition to our core focus on prime districts. By bringing our signature commitment to quality into suburban developments, we aim to extend Hiap Hoe's reputation as a premium developer across both prime and suburban Singapore.

Despite a marginal decline in industrial property sales prices and rentals in FY2014, the Group enjoyed some early success in the industrial property segment, with the launch of our first industrial development project, HH@Kallang, in May 2014. Situated in close proximity to the city centre and with convenient access to major transportation nodes, HH@Kallang is a premium nine-storey light industrial development offering 55 quality freehold business spaces. As at end 2014, eight of the 55 units have been sold at prices in excess of S$1,000 psf. Given the conservative outlook for 2015 and a potential risk of oversupply in the industrial space, we will continue to keep a close watch on market trends to ensure optimal monetisation of the value of the Group's industrial land bank.

Reaping the Results of Successful Groundwork

The acquisition and delisting of our sister company - SuperBowl Holdings Limited ("SuperBowl") was completed in the first half of 2014, expanding our local market footprint and sources of revenue to include leasing business, leisure activities and hospitality. The leasing business and leisure activities segments delivered a pool of stable revenue, contributing a significant 5.7% of the total revenue for the year ended 31 December 2014. In all, SuperBowl contributed more than 10% of the FY2014 total revenue of the Group. We remain confident that the strategic and operational fit of SuperBowl with the Group's core business model will deliver a stable and sustainable topline revenue, and provide a significant boost to long-term shareholder value.

The Group's Zhongshan Park Integrated Development also delivered a solid and continuing source of revenue in hotel operations income, and retail and commercial rentals. Since commencement of business in December 2012 and May 2013 respectively, Days Hotel Singapore At Zhongshan Park and Ramada Singapore At Zhongshan Park have experienced a steady upward trend in occupancy rates. Both Days and Ramada have also been named on the official select list of 20 hotels hosting athletes and officials for the 28th SEA Games, to be held in Singapore in June 2015. We see this as a tremendous honour and significant validation of confidence in the operational capability of the two hotels. In the year ahead, the Group intends to further develop the long-term potential of Days and Ramada as we continue to support sports tourism and medical tourism.

Zhongshan Mall also saw strong retail tenant take-up with quality anchor tenants such as NTUC Fairprice and Breadtalk. Combined with sturdy and resilient occupancy at the Hiap Hoe Building office tower, and new incremental rental income from the Group's leased residential units at Signature At Lewis and Skyline 360° At St Thomas Walk in 2014, these have helped the Group weather the challenging conditions of the 2014 local property market. We are confident that this revenue diversification strategy will continue to provide sustainable returns for the Group in the longer term through the augmented income yields across our portfolio of residential and commercial properties.

Due to a 45% fall in Ley Choon Group Holdings' ("Ley Choon") share price in 2014, the book value of the Group's investment in Ley Choon declined by S$6.2 million on a marked-to-market basis. However, we see this as a short-term setback and continue to maintain a long-term view to the strategic fit of Ley Choon to the Group. With a substantial order book for 2015, we anticipate a justifiable momentum pickup in Ley Choon's performance in the years ahead.

Dividend

To thank our valued shareholders for their unstinting support, the Board is pleased to have recommended a final cash dividend of 1 cent per share.

Acknowledgements

I would like to thank my fellow Board members for their invaluable partnership and guidance in navigating a notably more intricate governance landscape in the 2014 Singapore property market. On behalf of the Board of Directors, I express my gratitude to our management team and staff for their commitment and dedication in continuing to deliver meaningful returns to our shareholders. In addition, I extend my sincere appreciation to our shareholders, customers, bankers and business associates for their continued confidence and support.

By virtue of the inherent cyclical nature of the property market, the year ahead will have its challenges but we will continue to maintain our focus on the long-term, as we have always done. I am confident that the Group's extensive experience will enable Hiap Hoe to navigate the path ahead successfully and seize every opportunity to further our expansion within and beyond the shores of Singapore.

TEO HO BENG
Executive Chairman / Chief Executive Officer

BOARD OF DIRECTORS

TEO HO BENG
Executive Chairman /
Chief Executive Officer

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.

Subsequent to the retirement of Mr Teo Guan Seng, Mr Teo assumed the position of the Executive Chairman and relinquished the position of Managing Director on 11 May 2012. He has more than 38 years of experience in the construction and property industries, and over 23 years of experience in the leisure industry.

Mr Teo is responsible for the formulation of corporate strategies and policies for Hiap Hoe, and ensures their implementation 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 procedures to ensure there is prudent financial management.

TEO HO KANG, ROLAND
Managing Director

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 23 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. His last re-election to the Board was on 30 April 2012.

WUN MAY LING TRACY
Executive Director

Appointed as Executive Director on 19 June 2013 and as part of the Executive Committee, 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. She oversees the Sales & Marketing and Leasing functions and formulates the direction for the Group's portfolio of properties and assets, including the hospitality portfolio.

Ms Wun takes charge of the Group's investor relations and public relations, corporatising the Group's profile in the investment community.

CHAN WAH TIONG

Lead Independent,
Non-Executive Director

Mr Chan was appointed as Director on 14 August 1998, and has been an independent Director of the Company since 1998. He was appointed as Lead Independent Director on 8 June 2012.

Currently, he is the Director – Community Care Development Division at Agency for Integrated Care. He was formerly the Chief Executive Officer of All Saints Home, a nonprofit organisation that provides residentialnursing care for the elderly infirm of all races and religions in the community.

Mr Chan brings extensive financial, accounting and compliance experience, having served as external Auditor, Accountant, Financial Analyst, Financial Director and CFO of several companies (both local and multinational) in semiconductor, manufacturing, trading, construction and non profit organisation.

Mr Chan is also an Independent Director of Koda Ltd, a company listed on the Singapore Exchange. He is also the Finance Committee Chairman and Treasurer of Care Corner Singapore – a non-profit voluntary welfare organisation that provides a wide scope of community services.

CHAN BOON HUI

Independent,
Non-Executive Director

Mr Chan was appointed as Director on 4 April 2003. 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.

His last re-election to the Board was on 30 April 2012.

KWOK CHUI LIAN

Independent,
Non-Executive Director

Ms Kwok was appointed as Director on 12 September 2012. She is currently the President and CEO of AFC Merchant Bank.

She was appointed to this position in January 2008 after spending almost 20 years in OCBC. Ms Kwok started her banking career with Citibank Singapore as a credit analyst upon graduation in 1981.

She holds a Bachelor of Arts (Hons) degree in Economics from the City of Birmingham Polytechnic, UK. She is also a Fellow of The Institute of Chartered Secretaries and Administrators and has attended executive management programmes at both Wharton-SMU University (General Management Programme in 2004) and The Wharton School at the University of Pennsylvania (The Leadership Journey-Creating and Developing your leadership in 2006).

KEY MANAGEMENT

DARREN YEO
Financial Controller

Mr Yeo is responsible for the accounting and taxation functions of the Group. Prior to joining the Group, Mr Yeo held several Management roles in US and UK MNCs overseeing the finance function and internal control compliance. Mr Yeo graduated from Nanyang Technological University with a Bachelor of Accountancy and is a Chartered Accountant with the Institute of Singapore Chartered Accountants.

MARC TEO
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.

GARETH ZHOU
Head, Asset Management

Mr Zhou oversees the management of Hiap Hoe's hospitality, commercial, residential and retail asset portfolios. Prior to joining the Group, Mr Zhou worked in the banking industry and has gained over 6 years of corporate lending experience. Mr Zhou has exposure across client segments ranging from retail to corporate banking, with specialisation in the real estate & construction sector. Mr Zhou holds a Bachelor of Engineering (Computer Engineering) degree from Nanyang Technological University.

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.

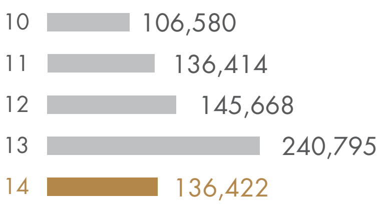
AGNES TEO
Head, HR & Admin

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 11 years of experience in human resource and administration and overees 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).

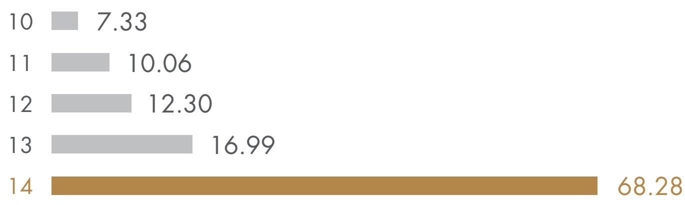
FINANCIAL HIGHLIGHTS

	2014 $'000	2013 $'000	2012 $'000	2011 $'000	2010 $'000
Group Income Statements					
Revenue	136,422	240,795	145,668	136,414	106,580
Profit before Taxation	331,978	96,502	66,855	54,527	39,577
Net Profit Attributable to Owners of the Company	321,283	79,953	57,870	47,436	34,661
Group Balance Sheets					
Non-Current Assets	1,082,847	174,649	29,058	16,668	10,001
Current Assets	484,280	652,305	557,717	575,509	517,533
Current Liabilities	376,944	245,853	200,218	246,534	180,424
Non-Current Liabilities	501,019	208,231	84,757	94,200	140,118
Equity Attributable to Owners of the Company	685,076	374,537	305,595	251,387	206,870
Per Share Data (Cents)					
Earnings after Tax1 (Basic)	68.28	16.99	12.30	10.06	7.33
Net Assets Value1	145.59	79.59	64.94	53.39	43.81
Dividend	1.00	2.00	1.00	0.50	0.50
Financial Ratios					
Return on Average Shareholders' Funds (%)	59.67	23.51	20.78	20.70	18.16
Debt Equity Ratio (Times)	0.84	1.00	0.67	1.08	1.34
Net Debt Equity Ratio (Times)	0.79	0.69	0.60	1.04	1.16
Current Ratio (Times)	1.28	2.65	2.80	2.33	2.87
Dividend yield (%)	1.23	2.41	1.59	1.19	1.14
Dividend payout (%)	1.49	11.8	8.13	4.97	6.82

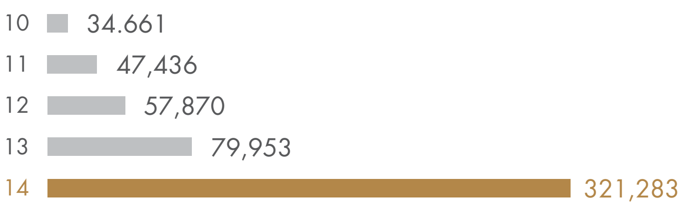
Group Revenue $'000



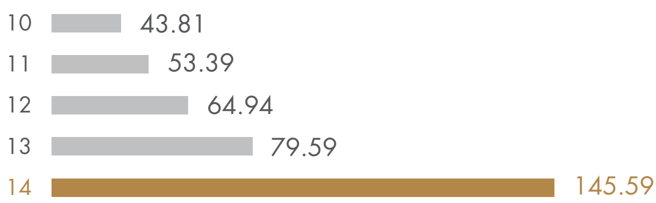
Earnings Per Share Cents



Net Profit Attributable to Owners of the Company $'000



Net Assets Value Per Share Cents



Note: (1) For comparative purposes, the ratios for FY2009 are adjusted to take effect of the bonus issue in FY2010.
(2) Debt includes amount due to related companies (non-trade).
(3) Net debt is debt less cash and short-term deposits.

PERFORMANCE REVIEW

Performance Review

In light of a challenging year in 2014 for the property industry, the Group recorded a full year revenue of S$136.4 million for FY2014, down by 44.4% from the previous financial year's revenue of S$240.8 million.

On a segmental basis, contribution from the Group's development properties decreased 55.8% to S$59.5 million in FY2014, accounting for 43.6% of total revenue. This drop in revenue is mainly attributable to lower progressive revenue recognition from Waterscape At Cavenagh, Signature At Lewis and Skyline 360° At St Thomas Walk this year compared to 2013. Furthermore, there has been an absence of construction revenue due to the completion of the Zhongshan Park Integrated Development in the third quarter of 2013.

The shortfall in sales revenue was favourably compensated by new sources of revenue from leasing income, hotel operations, and leisure activities. Rental revenue for FY2014 was recorded at S$33.1 million, accounting for 24.3% of total revenue, 24 times the rental revenue of S$1.4 million recorded in FY2013. This is attributable to higher rental income from the Group's investment properties in Australia, acquired in the fourth quarter of 2013 and early part of 2014; leasing income from the portfolio of commercial properties under SuperBowl; and rental income from the Group's leased residential properties in Signature At Lewis and Skyline 360° At St Thomas Walk. Revenue from hotel operations, which comprise income from Ramada Singapore At Zhongshan Park and Days Hotel Singapore At Zhongshan Park, contributed S$36.1 million or 26.5% of total revenue. The remaining 5.6% or S$7.7 million in revenue was contributed by the leisure business under SuperBowl.

Full year gross profit recorded was S$92.6 million, compared to S$116.2 million in FY2013. Gross profit margin for FY2014 improved to 67.9%, up 19.7% from 48.2% in the previous year.

Following the acquisition of SuperBowl during the year, the Group recognised a negative goodwill charge arising from the acquisition of S$147.5 million and a S$200.4 million gain on remeasurement to fair value of the Group's investment in HHP, upon business combination achieved in stages.

Administrative expenses rose to S$74.3 million in FY2014, compared to S$20.6 million in FY2013. This is driven by expenses relating to the completion of the acquisition of SuperBowl amounting to approximately S$37.8 million, depreciation and bank loan fees and interest of S$5.6 million in relation to the acquisition of investment properties in Australia in the fourth quarter of 2013 and April 2014, provision for stamp duty of approximately S$7.5 million in relation to the sale of residential property units to a related company to be leased out, qualifying certificate extension charges of S$5.5 million for Treasure on Balmoral, and additional property taxes of S$2.7 million from revised tax assessments for ZhongShan Park based on revised annual values.

Marina Tower, Melbourne

Other items of expenses increased to S$40.6 million comprising mainly distribution and selling expenses, other expenses and financial expenses. Distribution and selling expenses increased to S$8.1 million in FY2014, primarily due to agent sales commissions for pre-sales of residential units in Marina Tower, Melbourne. Other expenses increased to S$16.5 million, of which S$7.5 million was due to marked-to-market losses on the Group's 14.9% investment in Ley Choon Group Holdings. The remaining S$8.7 million comprised S$5.4 million of impairment losses on properties and unrealized foreign exchange losses. Financial Expenses came in at S$16.1 million in FY2014 as compared to S$3.8 million the previous year, due to increased bank borrowings.

Net profit before tax was S$332.0 million, after provisions for the aforementioned expense items.

Tax expense in FY2014 was S$10.9 million, compared to S$17.9 million in FY2013, ending the financial year with a net profit attributable to shareholders of S$321.3 million, up 302% from S$80.0 million in FY2013.

Financial Position

As at 31 December 2014, the Group's balance sheet remained in a strong position with shareholders' equity of S$685.1 million, and cash and short-term deposits valued at S$33.3 million.

Skyline 360° At St Thomas Walk

Zhongshan Park

The strategic acquisitions of 130 Stirling Street in Perth, Australia and SuperBowl Holdings Limited resulted in an increase in the value of property, plant and equipment and investment properties to S$105.7 million as at 31 December 2014.

Hiap Hoe embraces a multi-pronged risk management policy in managing the Group's exposure to economic, regulatory, foreign exchange, interest rate and tax risk. The Group takes a prudent approach in all acquisitions and sales and marketing programmes, and closely monitors regional economic developments and government policy changes to manage Hiap Hoe's economic and regulatory risk exposure.

Foreign exchange risk arising from Hiap Hoe's overseas investments in Australia is mitigated by hedging the cost of equity borrowing through currency swaps. The Group places excess Australian Dollar ("AUD") funds in high interest-bearing current accounts and term deposits. Bank borrowings for the Group's Australian entities are denominated in AUD, providing a natural hedge against rental proceeds received from leased properties.

To manage the Group's interest rate risk, credit facilities are diversified across various banks at competitive rates, and fluctuations in the cost of borrowing are hedged through interest rate swaps. Hiap Hoe also maintains strong relationships with Singapore and Australian banks to ensure favourable rates of exchange for currency conversion.

The expansion of Hiap Hoe's investments overseas has naturally resulted in greater tax risk exposure for the Group, particularly with the higher tax regime in Australia. To address this, Hiap Hoe has engaged specialised tax advisory services to ensure optimal risk management and tax efficiency of the Group's structures in compliance with Australian tax requirements.

Cash Flow

The Group closed the year in review with a net cash balance of S$33.3 million, down by 71.2% as compared to the previous year's S$115.9 million.

Net cash used in operating activities amounted to S$73.5 million, attributable mainly to cash from profits of S$32.5 million and an increase in working capital of S$41 million.

Net cash used in investing activities amounted to S$302.5 million and is primarily due to the acquisition of 130 Stirling Street in Perth, Australia of S$105.7 million and acquisition-related expenses of S$197.2 million on the purchase of SuperBowl. Cash inflows from investing activities totalled S$8.9 million owing to sales proceeds of S$6.8 million from the disposal of an investment property and dividend income.

Net cash generated from financing activities for FY2014 amounted to S$146.7 million. Cash inflows from financing activities were due to a net increase in bank borrowings of about S$166.6 million.

Earnings Per Share

Earnings per share on a fully diluted basis for FY2014 rose to 68.28 Singapore cents compared to 16.99 Singapore cents a year ago.

Net Asset Value

As at 31 December 2014, the Group remained in a strong position with shareholders' equity of S$685.1 million, and cash and short-term deposits valued at S$33.3 million. Net asset value per share rose to 145.59 Singapore cents in FY2014, from 79.59 Singapore cents in FY2013.

OPERATIONS REVIEW

Property Development & Investment (Local)

Waterscape At Cavenagh

A freehold residential development conceived as the first home resort in the heart of the city, Waterscape At Cavenagh occupies an expansive 101,193 sq ft plot in the prestigious Singapore District 9 development. Whilst only a short five-minute walk away from the Orchard shopping and entertainment belt as well as several key transportation nodes, the 200-unit development retains a restful and enchanting character amidst leafy environs in an exclusive residential enclave.

Waterscape At Cavenagh comprises 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. Launched in 2010, Waterscape At Cavenagh obtained its temporary occupation permit in September 2014. The development is 75% sold as at 31 December 2014.

Treasure on Balmoral

A premium 12-storey freehold private residential development offering breathtaking treetop and city views, Treasure on Balmoral occupies a 46,375 sq ft site along Balmoral Road in the tranquil Goodwood Hill neighbourhood of Singapore's District 10. The development comprises two 12-storey blocks with 44 spacious apartment units and four penthouses with attached private swimming pools. Ranging from 1,701 sq ft to 3,692 sq ft in size, all units are equipped with luxurious facilities and top-quality finishings. Treasure on Balmoral obtained its temporary occupation permit on 1 November 2012.

Waterscape At Cavenagh

Treasure on Balmoral

Skyline 360° At St Thomas Walk

An iconic 36-storey freehold residential development offering unparalleled views of Singapore's city skyline, Skyline 360° At St Thomas Walk features three and four-bedroom apartments, penthouses and super-penthouses with private pools, located on a 44,003 sq ft site located in District 9. Just a stone's throw from the heart of Singapore's high-street fashion and shopping at Orchard Road, and also in close proximity to the city's cultural and lifestyle neighbourhoods, the 61-unit condominium offers an exuberant blend of quality urban lifestyle and convenience. Launched in 2009, Skyline 360° At St Thomas Walk is 100% sold as at 31 December 2014. The development obtained its temporary occupancy permit in September 2012.

Signature At Lewis

Launched in 2009, Signature At Lewis is an exclusive 12-storey luxury freehold condominium located in one of Singapore's most affluent neighbourhoods in the prime District 10 area. With a distinctive emphasis on privacy and ample living space, the 21,675 sq ft sized development comprises 30 units of luxury one, two and four-bedroom apartments ranging from 635 sq ft to 1,841 sq ft, and two penthouses sprawling over 3,000 sq ft each.

Signature At Lewis is well connected to major expressways and is within close proximity to a host of prestigious membership clubs, top educational institutions and the Singapore Botanic Gardens. The development obtained its temporary occupation permit in October 2011 and is 100% sold and/or leased as at 31 December 2014.

HH@Kallang

Located just seven kilometres from Singapore's city centre and situated in a major industrial hub in Singapore, HH@ Kallang is a freehold B1 nine-storey light industrial development offering 55 quality business spaces of high-end technical specifications. Launched in May 2014, HH@Kallang is expected to obtain its temporary occupation permit by December 2015.

Upholding the trademark quality of Hiap Hoe, the distinctive contemporary architecture and elegant façade of HH@ Kallang appeals to both business owners and astute investors alike. Eight of the units have been sold to date, translating to a 15% take-up rate as at 31 December 2014.

Skyline 360° At St Thomas Walk

Signature At Lewis

Property Development & Investment (Overseas)

Marina Tower, Melbourne

Situated on a 3,795 sq m waterfront site in Melbourne's Docklands, Marina Tower, Melbourne is expected to be an iconic landmark at the edge of Victoria Harbour in the highly sought-after NewQuay precinct. NewQuay is a growth region that has consistently enjoyed strong population growth with high median individual and household incomes. Planned to be nearly twice the height of other projects in the area, the flagship luxury integrated development will tower majestically over neighbouring buildings, commanding unprecedented, picturesque views of the city and Port Philip Bay from all angles.

Acquired as 6-22 Pearl River Road in 2013 in Hiap Hoe's maiden overseas development foray, Marina Tower, Melbourne will comprise two residential tower blocks of 43-storeys and 36-storeys respectively with a combined total of 461 residential units, as well as a seven-storey hotel tower with 273 keys. The operations of the hotel tower will be supervised, directed and controlled under the Four Points® by Sheraton brand. Marina Tower, Melbourne was officially launched in May 2014, with a sales launch kicked off in June 2014 in Singapore. It is 74% sold as at 31 December 2014 with an approximate total sale value of S$210 million. Construction is expected to commence in the first quarter of 2015.

380 Lonsdale Street, Melbourne

A freehold commercial building consisting of a 445-bay car park, 5,130 sq m of office lettable area and ground level retail tenancies, 380 Lonsdale Street sits strategically on a 3,165 sq m site in the heart of Melbourne's Central Business District.

As at December 2014, a revised planning permit is pending approval from the Planning Department of the City of Melbourne for the redevelopment of 380 Lonsdale Street into two towers of 51 and 67 storeys each. The proposed enhancement will feature 728 residential apartment units, 469 space car parking facility as well as a 312-room hotel. The Group has entered into a Letter of Intent ("LOI") with Starwood Asia Pacific Hotels & Resorts Pte Ltd to supervise, direct and control the operations of the proposed hotel tower under the Aloft® brand. 380 Lonsdale Street was acquired by the Group in October 2013 and is 77% leased as at 31 December 2014.

Marina Tower, Melbourne

206 Bourke Street, Melbourne

Acquired by the Group in November 2013, 206 Bourke Street is a trophy-quality mixed-use retail and office asset strategically located on the edge of Bourke Street Mall, Melbourne's fashion, dining, entertainment and lifestyle destination. Centrally located in the Central Business District of Melbourne, the property enjoys direct access to the northern side of Bourke Street and extends through to the Chinatown restaurant precinct on Little Bourke Street. 206 Bourke Street is a freehold site with a net lettable area of 11,922 sq m, comprising 9,582 sq m retail and 2,340 sq m office space.

As at 31 December 2014, the development's weighted average lease expiry is approximately 8.9 years, providing a stable ongoing income security for the Group. 206 Bourke Street also possesses an approved planning permit for the development of a 142-room hotel above the fourth level of the existing development. The Group has no plans in the immediate term to exercise this option, but will focus instead on potential enhancement works to increase long-term rental yields and grow the existing recurring income stream.

130 Stirling Street, Perth

130 Stirling Street is an A-grade commercial building located on a prime quality 5,033 sq m site along the northern fringe of Perth's Central Business District - a short walking distance away from key transportation nodes such as the Perth Central railway station and McIver railway station. The seven-storey property has a net lettable area of 12,349 sq m comprising 11,863 sq m office and 486 sq m retail space, as well as four levels of car parking space with 239 lots.

The Group completed the acquisition of 130 Stirling Street at a value of A$90 million in April 2014. The development is 98% leased as at 31 December 2014 with a stable tenant profile comprising quality local Australian corporate and public sector entities and will provide the Group a weighted average recurring rental income of 9.2 years.

Marina Tower, Melbourne

Hospitality

Integrated Development At Zhongshan Park was completed in 2013. Spanning over a total plot area of 190,000 sq ft, this is an integrated hotel-cum-commercial development in Balestier. It is accessible from Novena MRT station via a five-minute complimentary shuttle bus ride. The development comprises the 13-storey Hiap Hoe Building office block, the 50,000 sq ft large Zhongshan Mall and two internationally-branded hotel franchises, Days Hotel Singapore At Zhongshan Park and Ramada Singapore At Zhongshan Park, managed by the Wyndham Group.

As at 31 December 2014, both Zhongshan Mall and the Hiap Hoe Building office block are 100% leased. The retail mall receives a strong flow of shopping traffic daily. The Group is proud to announce that both the Days Hotel Singapore At Zhongshan Park and Ramada Singapore At Zhongshan Park have been named on the list of 20 official Singapore hotels approved for the hosting of SEA Games 2015 athletes and officials. Both hotels closed the year with occupancy rates of nearly 85%, gaining estimable accolades in the hospitality industry and highly favourable ratings via online travel websites such as Trip Advisor.

Construction

WestBuild Construction Pte Ltd ("WBC") is the Group's wholly-owned in-house construction arm. WBC is responsible for the delivery of all in-house property development projects by the Hiap Hoe Group. Supported by the Group's extensive market knowledge and experience in residential property construction, WBC plays a significant role in the completion of various property development projects across the residential, commercial and industrial segments.

Ramada Singapore At Zhongshan Park - Ballroom

Construction at HH@Kallang

Leisure

Following the acquisition of SuperBowl Group during the year, the Group's enlarged portfolio now comprises a new segment in the leisure business which accounted for more than 5% of the total revenue for year ended 31 December 2014.

With a market presence spanning over two decades, SuperBowl has since grown to become an ubiquitous household name known for wholesome family oriented leisure and entertainment.

The bowling division operates from four locations housing a total of over 100 lanes at SuperBowl Jurong, SuperBowl SAFRA Mount Faber, SuperBowl SAFRA Toa Payoh and SuperBowl HomeTeamNS-JOM. During the year, we also consolidated our business with the cessation of businesses at Hougang and Marina Square following the expiry of the respective leases at these two locations. Bowling revenue continued to be a key contributor to the overall performance of the leisure business, generating a revenue of $7 million in the year as SuperBowl continues to have an anchor presence in townships as a familiar household name in the Singapore.

The SuperBowl brandname is also a proven and trusted brand for both professional and recreational bowlers as the Group continually invests in technology and state-of-the-art equipment. We have also seen good mileage from the strong collaboration forged with our business partners.

Revenue from the Group's arcade business ended the year at $0.6 million. The arcade business is highly competitive due to the growing popularity of portable handheld and home gaming consoles and barriers to entry are low for this business model. With our foothold in the bowling business, the Group's strategy towards our arcade business is to integrate it with our established bowling business as SuperBowl positions ourselves as a lifestyle hub to serve townships and residents across all ages as a family-centric entertainment centre in creating a "playground" where family members come together to bond and have wholesome fun.

SuperBowl at Mount Faber

Investments

Hiap Hoe continues to adopt a prudent approach in our investments with a long term view, focusing on fundamentals and sustainable earnings so as to generate additional recurring income and diversify the Group's revenue streams.

The Group completed a strategic acquisition of SuperBowl in June 2014, which creates business synergies and consolidate Hiap Hoe's presence in the property development and property investment business. Taking the Group's effective shareholding of SuperBowl to 98.99%, the acquisition will bring about greater control and management flexibility in the utilisation and deployment of Group resources. The resultant privatisation of SuperBowl will also provide the additional benefit of lower compliance costs for the Group as a whole.

The Group recorded a marked-to-market loss of S$6.2 million on its 14.9% investment in Ley Choon in 2014. This was due to a 45% fall in Ley Choon's share price owing to a weakened performance in the last year. However, the company continues to remain a strategic fit with the Group's investment mandate given its 20-year established reputation as Singapore's leading underground utilities infrastructure service provider in an industry where barriers of entry are high. Taking a long-term view, the Group is cautiously optimistic of a more stable outlook for 2015 and beyond, given Ley Choon's substantial order book of more than S$200 million - which includes contracts with the Singapore Public Utilities Board worth S$35 million, a sewer pipe rehabilitation contract with the Sri Lankan government worth S$38.2 million, and a contract with Powergas Limited worth S$16.8 million.

RISK MANAGEMENT

Economic and Regulatory Risk

Changes in the economic conditions 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 revenue of the Group. The Group has to keep abreast of the changes in the economic climate and government policy to make informed business decisions and formulate appropriate business strategies.

Interest Rate Exposure

Changes in interest rate are a major influence on the bottom line because the Group relies on bank debt as an alternative source of funding. The Group reviews the interest rate strategies to minimise interest rate by taking into cash flow forecasts, term of debt obligation and market outlook. The Group explores interest rate hedging instruments from time to time to cope with external shocks in the interest rate environment.

Foreign Exchange Risk

The Group has, in the year expanded overseas, notably into Australia and is exposed to the Australian Dollar. The Group tries to naturally hedge its foreign currency exposure whenever possible, and borrows in Australian Dollar to match revenue streams in the form of rental, which are also in Australian Dollar. The Group monitors its currency positions closely and any foreign currency risk is evaluated and reported regularly.

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 launch its upcoming projects.

Reliability of Suppliers and Subcontractors

As part of good practice and to ensure transparency, the Group calls for tenders when selecting sub-contractors and suppliers for its 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, invite business associates 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 has a high degree of control over the timeliness of its projects as their construction is undertaken by its own inhouse construction company, WestBuild Construction Pte Ltd, a wholly-owned subsidiary. Timeliness in completion and delivery ensures compliance with contractual agreements, and prevents financial loss with project delivery in accordance to schedule.

Human Resource Management

Keeping costs low and efficiency at peak, the Group relies on a remarkably small team of dedicated staff for their contribution and continued service. The Group has to ensure that it is able to attract and retain high calibre and dedicated staff, for the success of its business.

Business Continuity Risk

The Group has to actively seek out opportunity to acquire land for development. In order to sustain the business, the Group has to acquire land at competitive price. Besides embarking on residential developments, the Group has ventured to develop mixed use hotel / commercial properties as well as industrial property to reduce the business continuity risk.

CONTENTS

CORPORATE GOVERNANCE

The Board is committed to uphold effective corporate procedures and policies in compliance with the Code of Corporate Governance 2012 ("Code"). The Board believes that good corporate governance establishes and maintains an ethical environment, which strives to enhance the interests of all shareholders. This report describes the Company's corporate governance processes and activities that were in place throughout the financial year, with specific references made to the principles and guidelines as set out in the Code. In areas where the Company has not complied with the Code, the Company would assess its needs and implement the same as and when appropriate.

BOARD MATTERS

Principle 1 : The Board's conduct of affairs

The Board meets regularly to review and approve the Company's strategic directions, appointment of directors, business results, major funding and investment proposals. The Board also reviews the financial performance of the Group and supervises the management of the business and affairs of the Group. The Board of Directors would ensure that decisions are made in the interests of the Company.

The Board is free to request for further clarification and information from Management on all matters within their purview. The Board will conduct at least 4 meetings in a year and ad-hoc meetings will be convened, when required. The Company's Articles of Association provides for the Board to convene meetings via telephone conferencing and electronic means.

The attendance of the Directors and the various meetings held during the financial year ended 31 December 2014 are as follows:

	BOARD		AUDIT COMMITTEE		REMUNERATION COMMITTEE		NOMINATING COMMITTEE		EXECUTIVE COMMITTEE	
Name of Director	Number of Meetings	Attendance	Number of Meetings	Attendance	Number of Meetings	Attendance	Number of Meetings	Attendance	Number of Meetings	Attendance
Mr Teo Ho Beng	4	4	N.A.	4*	N.A.	1*	N.A.	1*	8	8
Mr Teo Ho Kang, Roland	4	3	N.A.	–	N.A.	–	N.A.	–	8	6
Ms Wun May Ling Tracy	4	4	N.A.	4*	N.A.	1*	N.A.	1*	8	8
Mr Chan Wah Tiong	4	4	4	4	1	1	1	1	N.A.	–
Mr Chan Boon Hui	4	4	4	4	1	1	1	1	N.A.	–
Ms Kwok Chui Lian	4	4	4	4	1	1	1	1	N.A.	–

* By invitation

In order to provide an independent oversight and to discharge its responsibilities more efficiently, the Board has delegated certain functions to various Committees. These Committees are Audit Committee, Remuneration Committee, Nominating Committee and Executive Committee. 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 has adopted internal guidelines setting the following matters which require the Board's approval:

- involving a conflict of interest for substantial shareholder or director;
- material acquisitions and disposals of assets;
- corporate or financial restructuring and share issuances, dividends and other returns to shareholders; and
- 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. Directors receive 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 management. Directors are also given appropriate training from time to time and the Company would provide necessary funding. During the year, some Directors participated in external training programmes to enhance their knowledge.

BOARD COMPOSITION AND GUIDANCE

Principle 2 : Strong and independent element on the Board

The Board comprises three Executive Directors and three Non-Executive and Independent Directors. No alternate Director was appointed. 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 / Chief Executive Officer)
Mr Teo Ho Kang, Roland (Managing Director)
Ms Wun May Ling Tracy (Executive Director)

Non- Executive Directors
Mr Chan Wah Tiong (Lead Independent Director)
Mr Chan Boon Hui (Independent Director)
Ms Kwok Chui Lian (Independent Director)

Mr Teo Ho Beng holds both the position of the Chairman and the Chief Executive Officer ("CEO"). The Code required that the Independent Directors make up at least half of the Board where the Chairman and the CEO is the same person. This requirement has been complied, with the presence of the three Independent and Non-Executive Directors.

The independence of Non-Executive Directors is reviewed annually by the Nominating Committee ("NC"). The NC has adopted the Code's definition of what constitutes an Independent Director in its review. 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. Every year, each Independent Director is required to complete the Director's Independence Form to confirm his/her independence annually based on the guidelines set out in the Code.

Both Mr Chan Wah Tiong and Mr Chan Boon Hui have served on the board for more than 9 years from the date of their first appointment. Taking into account the views of the NC, the Board has also reviewed and considered both Mr Chan Wah Tiong and Mr Chan Boon Hui to be Independent Directors. Both Independent Directors have throughout their appointment, continuously and constructively challenged the Management on business decision and remained objective in the discharge of their duties and responsibilities.

The Board's structure, size and composition are reviewed annually by the NC. The NC is of the view that the Board's size is appropriate and with 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 and gender (with 2 female Directors on the Board), extensive experience in business management, strategic planning and knowledge in accounting and finance is crucial to steer the Group in the direction of growth.

The Non-Executive Directors challenge and help to develop proposals on strategy; and review the performance of the Management in achieving agreed goals and objectives. The Company would arrange to avail the Company's premises for use by the Non-Executive 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 8 and 9.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

Principle 3 : Clear division of Board and Management responsibilities

Mr Teo Ho Beng, is the Executive Chairman ("EC") and Chief Executive Officer ("CEO") of the Company. Mr Teo Ho Kang, Roland, the brother of Executive Chairman, is the Managing Director ("MD") of the Company.

As the EC, Mr Teo Ho Beng performs the following pertaining to the Board proceedings:

(a) schedule meetings that enable the Board to perform its duties responsibly while not interfering with the flow of the Company's operations;
(b) prepare meeting agenda in consultation with the MD;
(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 Non-Executive Directors in particular; and
(f) assist in ensuring compliance with the Company's guidelines on corporate governance.

The EC and CEO are responsible for the day-to-day management of the Group as well as the exercise of control over the quality, quantity and timeliness of information flow between the Board and the Management and in developing the business of the Group.

Major decisions made by the EC and CEO, and MD are reviewed by the Audit Committee and approved by the Board.

Since the EC and CEO is the same person and is part of the management team, Mr Chan Wah Tiong, an Independent Director has been appointed to be the Lead Independent Director. The Lead Independent Director is available to shareholders where they have concerns and for which contact through the normal channels of the EC and CEO, and MD has failed to resolve or is inappropriate.

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

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

BOARD MEMBERSHIP

Principle 4 : Formal and transparent process for appointment and re-appointment of Directors

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

1) Ms Kwok Chui Lian (Chairman of NC / Independent Director)
2) Mr Chan Boon Hui (Independent Director)
3) Mr Chan Wah Tiong (Lead Independent Director)

The principal functions of the NC include:

(a) review and make recommendations to the Board on all candidates nominated for appointment of the Board;
(b) identify and make recommendations to the Board as to the Directors who are to retire by rotation and to be put forward for re-election at each annual general meeting of the Company;
(c) determine annually whether or not a Director is independent;
(d) decide, 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;
(e) identify and nominate candidates for the approval of the Board to fill vacancies in the Board as and when they arise;
(f) review and make recommendations to the Board regarding the Board structure, size, composition and core competencies having regard at all times to the principles of corporate governance and the Code;
(g) evaluate the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board; and
(h) review of training and professional development programs.

New Directors are appointed by way of a Board Resolution, after the NC has approved their nomination. Such new Directors must submit themselves for re-election at the next Annual General Meeting ("AGM") of the Company in accordance with Article 91 of the Company's Articles of Association. The NC would through various avenues, source for suitable candidates as new director and appraises the candidates to ensure they have the relevant experience and calibre to contribute to the Group. These avenues include Directors' personal contacts, search companies or even assessing any suitable candidates internally within the Group.

The NC makes recommendations to the Board on all Board appointments and re-nominations. The NC has conducted an annual review of Directors' independence based on the Code's definition for independence. The NC, having evaluated the independence of each Director is of the view that Messrs Chan Boon Hui, Chan Wah Tiong and Kwok Chui Lian are independent.

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

Pursuant to Article 106 of the Company's Articles of Association, the retiring Directors, namely, Ms Kwok Chui Lian and Mr Chan Wah Tiong would retire and do not intend to offer themselves for re-election.

All Directors are required to declare their board representations. As a guide, Directors should not have more than six listed companies board representations.

List of Directorships or Chairmanships held presently or in the last 3 years in other listed Companies:

Name of Director	Company	Date of Appointment	Date of Resignation/ Retirement
Mr Teo Ho Beng	SuperBowl Holdings Limited	03 May 1994	–
Mr Teo Ho Kang, Roland	SuperBowl Holdings Limited	28 Sep 1995	–
Ms Wun May Ling Tracy	SuperBowl Holdings Limited	20 May 2013	–
Mr Chan Wah Tiong	Koda Ltd	01 Oct 2001	–
Mr Chan Boon Hui	JCY International Berhad	13 Nov 2009	–
Ms Kwok Chui Lian	–	–	–

BOARD PERFORMANCE

Principle 5 : Formal assessment of the effectiveness of the Board and contribution of each Director

During the year, all Directors are requested to complete a Board Performance Evaluation Questionnaire to assess the overall effectiveness of the Board. The results of the exercise are reviewed by the NC before submitting to the Board for discussion and determining areas for improvement and enhancement of the Board effectiveness.

For the year under review, the NC has evaluated the Board's performance as a whole, which includes the participation and contribution of individual Directors to the management of the Company at Board and Committee Meetings.

ACCESS TO INFORMATION

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

Board members are provided with detailed management information, as and when requested by the Board. In addition, all relevant information on material events and transactions are circulated to Directors as and when they arise. Draft announcements will be circulated to the Board for review and approval before dissemination to the shareholders via SGXNET.

The Company Secretary would assist the Management to prepare the board papers of the meetings for circulation. The Directors receive the board papers at least 2 days before the meeting so that the Directors have ample time to review the documents. All Board members have separate and independent access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary and/or her representatives are present at all Board meetings, ensuring that Board procedures are complied with, and provides advice and guidance on corporate governance, and on legal and regulatory compliance. The appointment and removal of the Company Secretary is subjected 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 : Procedures for developing remuneration policies
Principle 8 : Level and mix of remuneration
Principle 9 : Disclosure on remuneration

The Remuneration Committee ("RC") comprises entirely of Non-Executive and Independent Directors and they are:

1) Mr Chan Boon Hui (Chairman of RC / Independent Director)
2) Mr Chan Wah Tiong (Lead Independent Director)
3) Ms Kwok Chui Lian (Independent Director)

The RC has adopted a framework of remuneration for the Board, and determined specific remuneration packages for each Executive Director. The recommendations of RC are submitted to the Board for endorsement.

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. Each member of the RC refrains from voting on any resolutions in respect of the assessment of his remuneration.

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 6 months' written notice of termination to the other party. The RC 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.

Non-Executive 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 Member	$37,000
Chairman of Audit 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.

While none of the members specialize in the field of executive remuneration/compensation, the members of the RC do possess board/general knowledge in this area and have access to external professional advice. 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.

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

For competitive reasons and privacy, the Company is not disclosing the remuneration of each individual Director. However, the Company shall adopt the disclosure in bands of S$250,000, which, in our context, would provide a good overview and is informative of the remuneration of the Directors.

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 Chan Wah Tiong	100%	0%	0%	0%	100%
Ms Kwok Chui Lian	100%	0%	0%	0%	100%
Between $250,001 to $500,000					
Ms Wun May Ling Tracy	0%	62%	33%	5%	100%
Between $750,001 to $1,000,000					
Mr Teo Ho Kang, Roland	0%	61%	32%	7%	100%
Between $1,750,001 to $2,000,000					
Mr Teo Ho Beng	0%	65%	34%	1%	100%

Notes:

(1) Directors' fee proposed for the financial year ended 31 December 2014.

(2) Salary includes gross salary and employer CPF contribution.

(3) Bonus includes salary and employer CPF contribution.

(4) Other benefits include company car, its maintenance costs and/or club subscription.

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

Top 5 Executives' Remuneration	Salary[1]	Bonus[2]	Other Benefits[3]	Total
$250,000 and below				
Ms Teo Poh Sim	62%	30%	8%	100%
Mr Chew Char Choon	71%	24%	5%	100%
Mr Teo Keng Joo, Marc	73%	21%	6%	100%
Mr Chin Teck Hoi	74%	25%	1%	100%
Mr Zhou Zhen-Wei, Gareth	84%	15%	1%	100%

Notes:

(1) Salary includes gross salary and employer CPF contribution.

(2) Bonus includes salary and employer CPF contribution.

(3) Other benefits include company car provided and private usage of operating cost of vehicles.

The range of gross remuneration of employees who are immediate family members of a Director or the Chairman:

Remuneration Bands	No. of employees
$50,000 and below	–
$50,001 to $100,000	–
$100,001 to $150,000	2
$150,001 to $200,000	2
$200,001 to $250,000	2

Mr Teo Keng Joo, Marc is the son of Mr Teo Ho Beng whose remuneration ranged between $100,001 and $150,000 for the financial year ended 31 December 2014.

Ms Sin Wong Chan is the wife of Mr Teo Ho Beng whose remuneration ranged between $100,001 and $150,000 for the financial year ended 31 December 2014.

Ms Teo Poh Ho and Ms Teo Poh Leng are the sisters of Mr Teo Ho Beng and Mr Teo Ho Kang, Roland whose remuneration ranged between $150,001 and $200,000 for the financial year ended 31 December 2014.

Ms Teo Poh Sim is the sister of Mr Teo Ho Beng and Mr Teo Ho Kang, Roland whose remuneration ranged $200,001 and $250,000 for the financial year ended 31 December 2014.

Mr Teo Ho Kheong is the brother of Mr Teo Ho Beng and Mr Teo Ho Kang, Roland whose remuneration ranged between $200,001 and $250,000 for the financial year ended 31 December 2014.

Hiap Hoe Performance Share Plan

On 20 April 2010, the Company obtained the Shareholders' approval to implement the Hiap Hoe Performance Share Plan (the "Plan"). The Plan is to replace the Employees' Stock 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 target specific performance objectives and to provide an incentive for participants to achieve these targets. The Directors believe that the Plan will incentivise participants to excel in their performance and encourage greater dedication and loyalty to the Company and also help to achieve the following positive 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.

Through the Plan, the award of fully-paid shares, free of charge to the Plan participants is intended to be 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) 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 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.

Employees and Executive Directors who are Controlling Shareholders or Associates of Controlling Shareholders 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 report, the RC comprises Ms Kwok Chui Lian, Mr Chan Wah Tiong and Mr Chan Boon Hui. In compliance with the requirements of the Listing Manual, a participant who has been granted an Award and is a member of the RC shall not be involved in its deliberations in respect of Awards to be granted to or held by him or his Associates.

The RC may grant Awards to the Plan 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 ten 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, his rank, scope of responsibilities, performance, years of service and potential for future development, contribution to the success of the Group and the extent of effort and resourcefulness with which the performance target(s) may be achieved within 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 pursuant to Awards granted under the Plan, when aggregated with the aggregate number of shares, over which shares are 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 Award Date.

In accordance with Rule 845 of the Listing Manual, 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 Hiap Hoe's parent company and its subsidiaries must not exceed 20% of the new shares available under the Plan.

As at 31 December 2014, no performance shares were granted for the year.

ACCOUNTABILITY AND AUDIT

Principle 10 : Accountability of the Board and Management

The Board is accountable to shareholders for the management of the Group. The Board will update shareholders on the operations and financial position of the Company through quarterly and full year results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations through SGXNET. The Management is accountable to the Board by providing the Board with necessary financial information for the discharge of its duties.

The Executive Committee meets periodically to review the performance of the Group. The Board is provided with periodic financial reports and other relevant disclosure documents, where appropriate, by the Management.

The Board also reviews legislation and regulatory compliance reports from the Management to ensure that the Group complies with relevant regulatory requirements.

INTERNAL CONTROLS

Principle 11 : Risk Management and Internal Controls

The Company has put in place a risk management and internal control system in areas such as 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. The Management maintains the risk management and internal controls system and the Board monitors the Group's risks through the Audit Committee and 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 controls are to provide reasonable, but not absolute, assurance to safeguard shareholders' investments and the Group's assets.

The Group has adopted the Enterprise Risk Management ("ERM") framework where it has established Risk Management Policy and Guidelines for adoption. The ERM framework is designed to the framework that enables management to address the operational risks, financial risks and compliance risks of the key operating units. The ERM incorporate the following process: -

- Identify each risk factor to which the Group is exposed;
- Quantify each exposure's size in term of money;
- Map these inputs into a risk estimation calculation;
- Identify overall risk exposures as well as the contribution to overall risk deriving from each risk factor;
- Set up a process to report on these risks periodically to management, who will set a committee of division heads and executives to determine capital allocations, risk limits and risk management policies; and
- Monitor compliance with policies and risk limits.

The ERM allows the Company to be in compliance with the Code, addresses the on-going changes and challenges in the business environment, manages and reduces uncertainties in business environment, facilitates the shareholder value creation process and to assist the Audit Committee and the Board in discharging their responsibilities.

The Audit Committee and the Board of Directors review the effectiveness of the key internal controls, including financial, operational and compliance controls, and risk management on an on-going basis.

The Board has received assurance from the CEO and the Financial Controller for the period under review:

(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 Audit Committee is satisfied that there are adequate internal controls and risk management systems in the Group in addressing financial, operational, compliance risks and information technology controls. The Company has complied with Rule 1207(10) of the SGX-ST Listing Manual.

The Board will continue to look into establishing a separate risk committee in overseeing the Company's risk management framework and execution of policies.

AUDIT COMMITTEE

Principle 12 : Establishment of Audit Committee with written terms of reference

The Audit Committee ("AC") comprises entirely of Non-Executive and Independent Directors and the AC members are as follows:

1) Mr Chan Wah Tiong (Chairman of AC / Lead Independent Director)
2) Mr Chan Boon Hui (Independent Director)
3) Ms Kwok Chui Lian (Independent Director)

No former partner or director of the Company's existing auditing firm is a member of the AC.

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

The role of AC 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 AC include:

a) review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
b) review 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 letter and the Management's responses;
c) review the quarterly and full year financial statements before submission to the Board for approval;
d) review the scope and results of the internal audit procedures including the effectiveness of the internal audit functions;
e) review the assistance given by the Management to the external auditors;
f) review the scope and results of the external audit and its cost effectiveness and the independence and objectivity of the external auditors annually and the nomination of their re-appointment as auditors of the Company;
g) review 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 external auditors;
h) investigate any matters within its terms of reference; and
i) review interested person transactions falling within the scope of the SGX-ST Listing Manual.

The Company has in place a whistle-blowing framework, endorsed by the AC where staff of the Company has direct access to the Chairman of AC to raise concerns about possible corporate improprieties in matters of financial reporting or other matters. The objective of such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action.

There were no whistle-blowing letters received during the year and until the date of this report.

The AC has full access to all personnel, records and other information 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 AC shall abstain from voting any resolutions in respect of matters he is interested in. The AC has received full co-operation from Management and external auditors.

The AC met quarterly during the year and all members were present during these meetings. The AC meets with the external auditors without the presence of the Company's Management at least once a year.

The aggregate amount of fees paid to the external auditors amounted to approximately S$387,426 for audit services and S$155,091 for non-audit services.

In the selection of suitable audit firms, the AC 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 size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the audit. The selected auditing firm based in Singapore is engaged as auditors for the Company as well as our Singapore-incorporated subsidiaries before the acquisition of SuperBowl Holdings Limited during the year.

For the year ended 31 December 2014, SuperBowl Holdings Limited and its group of subsidiaries, and HH Properties Pte Ltd were audited by Foo Kon Tan LLP.

The AC has undertaken a review of all non-audit services provided by the external auditors for the financial year ended 31 December 2014, and is satisfied with the independence and objectivity of the external auditors. The AC has recommended to the Board that Messrs Ernst & Young LLP be nominated for re-appointment as auditors at the forthcoming AGM.

The external auditors regularly update the AC on the changes to accounting standards and issues which will have a direct impact on financial statements.

The Company has established a Code of Conduct and Business Ethics which applies to all employees of the Group. The areas covered such as conduct in workplace, business conduct, protection of the Company's assets, confidentiality of information and conflict 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 : Internal audit function

The internal audit function is out-sourced to a public accounting firm, One e-Risk Services Pte Ltd. The internal auditors report primarily to the Chairman of the AC. The internal auditors meet 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 AC is satisfied that the internal auditors are staffed by qualified and experienced personnel.

The internal auditors plan its internal audit schedules in consultation with, but independent of the Management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The AC reviews the activities of the internal auditors on a regular basis, including overseeing and monitoring of the implementation of improvements required on internal control weaknesses identified. There was no internal audit performed for the year ended 31 December 2014. The AC has reviewed and is satisfied with the proposed audit plan presented by the internal auditors for the year ending 31 December 2015.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14 : Shareholder Rights

All shareholders are treated fairly and equitably to facilitate 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.

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 Articles of Association that limits the number of proxies for corporations which provide nominee or custodian services.

According to the Company's Articles of Association, at any general meeting a resolution to put the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded. The shareholders would be informed of the voting procedures at the commencement of the general meeting.

COMMUNICATION WITH SHAREHOLDERS

Principle 15 : Communication with shareholders

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

The Company delivers the Annual Reports to the shareholders at least 14 days before the holding of the AGM. Notice of the AGM 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 condition, development plans and other factors as the Directors may deem appropriate.

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

The Group strives for timeliness and transparency in its disclosure to the 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 as all price-sensitive information is released through SGXNET. News is disseminated promptly to media and analysts after each quarterly results announcement.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16 : Shareholder participation at AGMs

At AGMs, shareholders are given the opportunities to express their views and to raise their queries to the Board on matters relating to the operations of the Group. The Chairman of the AC, NC and RC together with the external auditors are also present at the meetings to attend to questions raised by shareholders.

As the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

Voting at the AGM has been by show of hands unless a poll is demanded. Voting on show of hands enables the Company and shareholders to deal with the business of the AGM expeditiously as the result of the vote is instantly available.

A poll may be demanded by our Chairman, by at least two members or members representing not less than one-tenth of the total voting rights of all members having the rights to vote at a meeting.

The Company practices having separate resolutions at general meetings on each distinct issue and will make available minutes of general meetings to shareholders upon their request. The minutes of general meetings which include substantial comments or queries from shareholders and responses from the Board and Management are available to shareholders upon their written requests.

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 to its Directors and Officers in relation to the dealings with the Company's securities.

The Company issues circulars to its Directors, officers and relevant officers who have access to unpublished material price-sensitive information to remind them that they are required to report on their dealings in shares of the Company. They are also reminded of the prohibition in dealings in shares of the Company two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year and one 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.

Directors are required to report to the Company Secretary whenever they deal in the Company's shares and the Company Secretary 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)	Provision of Project and Construction Management Service to the Company's wholly-owned subsidiary: - WestBuild Construction Pte. Ltd. (value of transactions amounting to $117,000)	–

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

Save as disclosed above, no Director, Chief Executive Officer or controlling shareholders, or associate has any interest in any material transaction undertaken by Hiap Hoe Limited and the Group.

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

The Company had on 8 December 2014 announced that the Company and its subsidiary, SuperBowl Holdings Limited, had on 8 December 2014 entered into a conditional sale and purchase agreement with Hiap Hoe Holdings Pte Ltd, the controlling shareholder of the Company, for the sale and disposal by the Company and SuperBowl Holdings 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 and the assignment of certain existing shareholders' loans to Hiap Hoe Holdings Pte Ltd, and that such transaction is an interested person transaction under Chapter 9 of the Listing Manual for which specific approval of the independent shareholders of the Company is being sought under Rule 906 of the Listing Manual, and that shareholders should refer to the Company's circular in connection therewith dated 6 March 2015 for further details. On 23 March 2015, the Company announced that the proposal disposal of Hiap Hoe SuperBowl JV Pte Ltd was duly approved and passed by the shareholders of the Company at the Extraordinary General Meeting held on 23 March 2015. This disposal was completed on 26 March 2015.

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 the financial year ended 31 December 2014, other than disclosed in other parts of the annual report.

DIRECTORS' REPORT

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of Hiap Hoe Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Company for the financial year ended 31 December 2014.

DIRECTORS

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

Teo Ho Beng
Teo Ho Kang, Roland
Wun May Ling Tracy
Chan Wah Tiong
Chan Boon Hui
Kwok Chui Lian

In accordance with Article 106 of the Company's Articles of Association, Ms Kwok Chui Lian and Mr Chan Wah Tiong would retire and do not intend to offer themselves for re-election.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as described below, 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 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:

	Direct interest			Deemed interest		
Name of Director	**At the beginning of financial year**	**At the end of financial year**	**At 21 January 2015**	**At the beginning of financial year**	**At the end of financial year**	**At 21 January 2015**
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
Teo Ho Kang, Roland	1,875,000	1,875,000	1,875,000	328,693,876	328,693,876	328,693,876

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 2015	At the beginning of financial year	At the end of financial year	At 21 January 2015
The Company (cont'd)						
Hiap Hoe Limited						
(Ordinary shares)						
Chan Wah Tiong	93,750	–	–	–	–	–
Chan Boon Hui	93,750	93,750	93,750	–	–	–
Hiap Hoe Limited						
($115million Medium Term Notes)						
Chan Boon Hui	$250,000	$250,000	$250,000	–	–	–
The immediate holding company						
Hiap Hoe Holdings Pte Ltd						
(Ordinary shares)						
Teo Ho Beng	4,816,738	4,816,738	4,816,738	–	–	–
Teo Ho Kang, Roland	4,133,689	4,133,689	4,133,689	–	–	–
Subsidiary						
SuperBowl Holdings Limited						
(Ordinary shares)						
Teo Ho Beng#	3,031,000	–	–	227,029,000	322,240,480	322,240,480
Teo Ho Kang, Roland	1,000,000	–	–	227,009,000	322,240,480	322,240,480

20,000 shares registered in name of spouse.

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

Except as disclosed in this report, 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 related corporations, either at the beginning of the financial year or end of the financial year.

DIRECTORS' CONTRACTUAL BENEFITS

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

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, 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 set performance period. The Share Plan is to replace the share option 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:-

Chan Boon Hui (Chairman)
Chan Wah Tiong
Kwok Chui Lian

Under the Share Plan, the Company may award to the employees, controlling shareholders and their associates who meet the criteria as 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) Associate employees

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

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

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	–	–

PERFORMANCE SHARE PLAN (CONT'D)

Details of the shares awarded under the Share Plan to directors and employees who received 5% or more of the total performance share pursuant to the plan are as follows:

Name of participant	Awards granted during financial year	Aggregate awards granted since commencement of Share Plan to end of financial year	Aggregate awards released during the financial year	Aggregate awards cancelled during the financial year	Aggregate awards outstanding at the end of financial year
Director					
Lim Kim Soon Lee, Cindy*	–	45,600	–	–	–
Employee					
Aw Hui Mien*	–	41,800	–	–	–
Ramanathan Ravichandran*	–	29,900	–	–	–
Seoh Choon Hong*	–	29,200	–	–	–
Tan Gek Ching, Bridget*	–	30,900	–	–	–
	–	177,400	–	–	–

* These employees had resigned.

Save as disclosed in the table above, no share award has been granted to any of the Company's controlling shareholders or their associates during the financial year ended 31 December 2014.

OTHER INFORMATION REQUIRED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

Except as disclosed in Notes 34 of the financial statements, no material contracts of the Company and its subsidiaries, which involve the interests of the chief executive officer, each Director or controlling shareholder, subsisted at the end of the financial year or have been entered into since the end of the previous financial year.

AUDIT COMMITTEE

The audit committee ("AC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 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 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 and compliance controls and risk management;
- Met with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

AUDIT COMMITTEE (CONT'D)

- 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, 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 AC to the Board of Directors with such recommendations as the AC considers appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

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

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

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

On behalf of the Board of Directors,

Teo Ho Beng
Director

Teo Ho Kang, Roland
Director

Singapore
27 March 2015

STATEMENT BY DIRECTORS

We, Teo Ho Beng and Teo Ho Kang, Roland, being two of the Directors of Hiap Hoe Limited, do hereby state that, in the opinion of the Directors,

(i) the accompanying balance sheets, income statements, statements of comprehensive income, statements of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results of the business and changes in equity of the Group and the Company, and cash flows of the Group for the year ended on that date; and

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

On behalf of the Board of Directors,

Teo Ho Beng
Director

Teo Ho Kang, Roland
Director

Singapore
27 March 2015

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 44 to 139, which comprise the balance sheets of the Group and Company as at 31 December 2014, income statements, statements of comprehensive income and the statements of changes in equity of the Group and the Company and the consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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 the 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, income statement, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity of the Group and the Company and the cash flows of the Group for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
27 March 2015

INCOME STATEMENTS

For the year ended 31 December 2014

	Note	Group		Company	
		2014	2013	2014	2013
		$	$	$	$
Revenue	4	136,422,482	240,795,172	1,671,339	1,284,165
Cost of sales		(43,855,035)	(124,641,530)	–	–
Gross profit		92,567,447	116,153,642	1,671,339	1,284,165
Other items of income					
Other income	5	7,500,720	2,403,990	–	123,629,755
Financial income	6	791,947	581,253	7,572,477	1,522,961
Gain on bargain purchase arising from acquisition	12	147,544,460	–	–	–
Gain on re-measurement of investment in joint venture company to fair value upon business combination achieved in stages	12	200,353,085	–	–	–
Other items of expense					
Distribution and selling expenses		(8,088,891)	(3,888,552)	–	–
Administrative expenses	7	(74,287,140)	(20,558,652)	(8,331,360)	(2,452,393)
Other expenses	5	(18,312,043)	(201,187)	(12,556,573)	–
Financial expenses	6	(16,089,755)	(3,830,000)	(6,281,512)	(1,971,380)
Share of results of joint ventures		(1,656)	5,841,459	755,259	–
Profit/(loss) before tax		331,978,174	96,501,953	(17,170,370)	122,013,108
Income tax expense	8	(10,854,896)	(17,940,943)	(253,209)	(91,482)
Profit/(loss) for the year		321,123,278	78,561,010	(17,423,579)	121,921,626
Attributable to:					
Owners of the Company		321,283,030	79,953,476	(17,423,579)	121,921,626
Non-controlling interests		(159,752)	(1,392,466)	–	–
Total		321,123,278	78,561,010	(17,423,579)	121,921,626
Earnings per share attributable to owners of the Company (cents per share)					
Basic	9	68.28	16.99		
Diluted	9	68.28	16.99		

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

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Profit/(loss) for the year	321,123,278	78,561,010	(17,423,579)	121,921,626
Other comprehensive income Items that may be reclassified subsequently to profit or loss				
- Fair value (loss)/gain on net investment hedge	(1,868,223)	933,848	–	–
- Foreign currency translation	(3,288,486)	(3,955,110)	–	–
Other comprehensive income for the year, net of tax	(5,156,709)	(3,021,262)	–	–
Total comprehensive income for the year	315,966,569	75,539,748	(17,423,579)	121,921,626
Attributable to :				
Owners of the Company	316,126,321	76,932,214	(17,423,579)	121,921,626
Non-controlling interests	(159,752)	(1,392,466)	–	–
Total comprehensive income for the year	315,966,569	75,539,748	(17,423,579)	121,921,626

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

BALANCE SHEETS

As at 31 December 2014

	Note	Group		Company	
		2014	2013	2014	2013
		$	$	$	$
Non-current assets					
Property, plant and equipment	10	708,368,477	1,565,672	106,556	153,914
Investment properties	11	348,132,048	165,982,323	–	–
Investment in subsidiaries	12	–	–	163,101,684	163,699,667
Investment in associate	13	–	–	–	–
Investment in joint ventures	14	–	6,728,775	755,259	–
Other assets	18	19,125,956	–	–	–
Other receivables	15	41,900	16,600	–	–
Deferred tax assets	29	7,178,368	356,156	–	–
		1,082,846,749	174,649,526	163,963,499	163,853,581
Current assets					
Cash and short-term deposits	16	33,330,451	115,931,661	2,513,158	33,342,199
Other investments	17	34,299,513	24,640,036	–	–
Trade and other receivables	15	54,035,778	12,201,616	–	–
Other assets	18	1,160,518	10,352,355	450	450
Prepaid operating expenses		1,058,781	613,184	1,164	7,840
Derivatives assets	19	1,383,037	933,848	–	–
Due from subsidiaries (trade)	20(i)	–	–	1,333,323	1,138,983
Due from subsidiaries (non-trade)	21	–	–	297,996,959	267,793,381
Due from related companies (trade)	20(i)	16,433	622,001	–	–
Due from related companies (non-trade)	20(i)	41	98	–	–
Due from joint ventures (trade)	20(i)	–	12,201,670	–	165,897
Due from joint ventures (non-trade)	20(ii)	–	1,950,655	–	1,915,226
Due from an associate (non-trade)	20(i)	–	3,462	–	3,462
Development properties	22	88,536,874	254,972,169	–	–
Properties held for sale	22	70,022,051	217,882,196	–	–
Inventories	23	2,061,582	–	–	–
		285,905,059	652,304,951	301,845,054	304,367,438
Assets of disposal group classified as held for sale	24	198,375,206	–	–	–
		484,280,265	652,304,951	301,845,054	304,367,438

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

BALANCE SHEETS (Cont'd)

As at 31 December 2014

	Note	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
Current liabilities					
Trade and other payables	25	14,346,771	16,278,020	80,684	100,824
Other liabilities	26	28,305,931	28,355,288	2,379,488	2,350,882
Derivatives liabilities	19	4,228,358	514,946	–	–
Due to subsidiaries (non-trade)	21	–	–	86,893,469	68,503,513
Due to joint ventures (non-trade)	20(iii)	–	129,612	–	–
Due to related companies (trade)	20(i)	534,021	345,936	–	–
Due to a related company (non-trade)	27	16,168	42,074,741	–	625
Interest-bearing loans and borrowings	28	190,495,605	147,929,881	–	–
Tax payable		24,785,503	10,224,394	410,926	144,357
		262,712,357	245,852,818	89,764,567	71,100,201
Liabilities directly associated with disposal group classified as held for sale	24	114,231,735	–	–	–
		376,944,092	245,852,818	89,764,567	71,100,201
Non-current liabilities					
Trade payables	25	323,272	1,945,615	–	–
Other liabilities	26	20,842,100	1,643,333	–	–
Interest-bearing loans and borrowings	28	271,720,525	70,299,994	–	–
Deferred tax liabilities	29	93,332,245	19,653,098	–	–
Medium Term Notes	28	114,800,660	114,689,450	114,800,660	114,689,450
		501,018,802	208,231,490	114,800,660	114,689,450
Net assets		689,164,120	372,870,169	261,243,326	282,431,368
Equity attributable to owners of the Company					
Share capital	30	84,445,256	84,445,256	84,445,256	84,445,256
Treasury shares	31	(1,101,125)	(1,101,125)	(1,101,125)	(1,101,125)
Reserves	32	601,731,823	291,192,590	177,899,195	199,087,237
		685,075,954	374,536,721	261,243,326	282,431,368
Non-controlling interests		4,088,166	(1,666,552)	–	–
Total equity		689,164,120	372,870,169	261,243,326	282,431,368

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

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2014

Group 2014	Share capital [1] (Note 30) $	Treasury shares (Note 31) $	Accumulated profits $	Dividend reserve $	Capital reserve $
At 1 January 2014	84,445,256	(1,101,125)	298,069,221	3,764,460	(7,671,719)
Profit for the year	–	–	321,283,030	–	–
Fair value loss on net investment hedge	–	–	–	–	–
Foreign currency translation	–	–	–	–	–
Other Comprehensive Income net of tax	–	–	–	–	–
Total comprehensive income for the year	–	–	321,283,030	–	–
<u>Contributions by and distributions to owners</u>					
Dividends on ordinary shares (Note 38)	–	–	–	(3,764,463)	–
Transfer from unappropriated profit to dividend reserve	–	–	(4,705,578)	4,705,578	–
Premium for acquisition of non-controlling interest	–	–	–	–	–
Non-controlling interest's share of acquiree's net tangible assets	–	–	–	–	–
Total contributions by and distributions to owners	–	–	(4,705,578)	941,115	–
At 31 December 2014	84,445,256	(1,101,125)	614,646,673	4,705,575	(7,671,719)

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

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

For the year ended 31 December 2014

Attributable to equity holders of the Company							
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 $
(3,955,110)	933,848	51,890	–	291,192,590	374,536,721	(1,666,552)	372,870,169
–	–	–	–	321,283,030	321,283,030	(159,752)	321,123,278
–	(1,868,223)	–	–	(1,868,223)	(1,868,223)	–	(1,868,223)
(3,288,486)	–	–	–	(3,288,486)	(3,288,486)	–	(3,288,486)
(3,288,486)	(1,868,223)	–	–	(5,156,709)	(5,156,709)	–	(5,156,709)
(3,288,486)	(1,868,223)	–	–	316,126,321	316,126,321	(159,752)	315,966,569
–	–	–	–	(3,764,463)	(3,764,463)	(17,665)	(3,782,128)
–	–	–	–	–	–	–	–
–	–	–	(1,822,625)	(1,822,625)	(1,822,625)	1,663,436	(159,189)
–	–	–	–	–	–	4,268,699	4,268,699
–	–	–	(1,822,625)	(5,587,088)	(5,587,088)	5,914,470	327,382
(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.

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

For the year ended 31 December 2014

Group 2013	**Share capital (1) (Note 30) $**	**Treasury shares (Note 31) $**	**Accumulated profits $**	**Dividend reserve $**	**Capital reserve $**
At 1 January 2013	84,445,256	(1,101,125)	227,518,058	2,352,788	(7,671,719)
Profit for the year	–	–	79,953,476	–	–
Fair value gain on net investment hedge	–	–	–	–	–
Foreign currency translation	–	–	–	–	–
Other Comprehensive Income net of tax	–	–	–	–	–
Total comprehensive income for the year	–	–	79,953,476	–	–
Contributions by and distributions to owners					
Dividends on ordinary shares (Note 38)	–	–	(5,637,853)	(2,352,788)	–
Transfer from unappropriated profit to dividend reserve	–	–	(3,764,460)	3,764,460	–
Total contributions by and distributions to owners	–	–	(9,402,313)	1,411,672	–
At 31 December 2013	84,445,256	(1,101,125)	298,069,221	3,764,460	(7,671,719)

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

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

For the year ended 31 December 2014

Attributable to equity holders of the Company							
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 $
–	–	51,890	–	222,251,017	305,595,148	(274,086)	305,321,062
–	–	–	–	79,953,476	79,953,476	(1,392,466)	78,561,010
–	933,848	–	–	933,848	933,848	–	933,848
(3,955,110)	–	–	–	(3,955,110)	(3,955,110)	–	(3,955,110)
(3,955,110)	933,848	–	–	(3,021,262)	(3,021,262)	–	(3,021,262)
(3,955,110)	933,848	–	–	76,932,214	76,932,214	(1,392,466)	75,539,748
–	–	–	–	(7,990,641)	(7,990,641)	–	(7,990,641)
–	–	–	–	–	–	–	–
–	–	–	–	(7,990,641)	(7,990,641)	–	(7,990,641)
(3,955,110)	933,848	51,890	–	291,192,590	374,536,721	(1,666,552)	372,870,169

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

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

For the year ended 31 December 2014

Company 2014	Share capital [1] (Note 30) $	Treasury shares (Note 31) $
At 1 January 2014	84,445,256	(1,101,125)
Loss for the year	–	–
Other comprehensive income	–	–
Total comprehensive income for the year	–	–
Contributions by and distributions to owners		
Dividends on ordinary shares (Note 38)	–	–
Transfer from unappropriated profits to dividend reserve	–	–
Total contributions by and distribution to owners	–	–
At 31 December 2014	84,445,256	(1,101,125)

Company 2013	Share capital [1] (Note 30) $	Treasury shares (Note 31) $
At 1 January 2013	84,445,256	(1,101,125)
Profit for the year	–	–
Other comprehensive income	–	–
Total comprehensive income for the year	–	–
Contributions by and distributions to owners		
Transfer from unappropriated profits to dividend reserve	–	–
Dividends on ordinary shares (Note 38)	–	–
Total contributions by and distribution to owners	–	–
At 31 December 2013	84,445,256	(1,101,125)

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

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

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

For the year ended 31 December 2014

Accumulated profits $	Dividend reserve $	Gain on reissuance of treasury shares $	Total reserves $	Total equity $
195,270,887	3,764,460	51,890	199,087,237	282,431,368
(17,423,579)	–	–	(17,423,579)	(17,423,579)
–	–	–	–	–
(17,423,579)	–	–	(17,423,579)	(17,423,579)
–	(3,764,463)	–	(3,764,463)	(3,764,463)
(4,705,578)	4,705,578	–	–	–
(4,705,578)	941,115	–	(3,764,463)	(3,764,463)
173,141,730	4,705,575	51,890	177,899,195	261,243,326

Accumulated profits $	Dividend reserve $	Gain on reissuance of treasury shares $	Total reserves $	Total equity $
82,751,574	2,352,788	51,890	85,156,252	168,500,383
121,921,626	–	–	121,921,626	121,921,626
–	–	–	–	–
121,921,626	–	–	121,921,626	121,921,626
(3,764,460)	3,764,460	–	–	–
(5,637,853)	(2,352,788)	–	(7,990,641)	(7,990,641)
(9,402,313)	1,411,672	–	(7,990,641)	(7,990,641)
195,270,887	3,764,460	51,890	199,087,237	282,431,368

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2014

	Note	2014 $	2013 $
Operating activities			
Profit before tax		331,978,174	96,501,953
Adjustments for:			
Allowance for doubtful receivables - trade		43,061	145,085
Amortisation of transaction cost		111,210	–
Bad debts		24,904	–
Depreciation of investment properties		4,059,191	1,472,189
Depreciation of property, plant and equipment	7	14,339,977	284,692
Dividend income from quoted investments	5	(902,380)	(72,964)
Fair value (gain)/loss on held-for-trading investments - unquoted	5	(153,110)	194,485
Fair value loss/(gain) on held-for-trading investments - quoted	5	7,277,002	(1,191,812)
Gain on disposal of investment property - held for sale	5	(1,673,639)	–
(Gain)/loss on disposal of investment	5	(88,378)	1,500
(Gain)/loss on disposal of property, plant and equipment	5	(2,642)	5,202
Impairment loss on properties held for sale	5	3,327,315	–
Impairment loss on investment properties	5	2,058,734	–
Interest expenses		16,089,755	3,830,000
Interest income		(791,947)	(581,253)
Net fair value change in derivative instruments		731,745	537,264
Property, plant and equipment written off		80,262	–
Share of results of joint ventures		1,656	(5,841,459)
Translation difference		6,018,848	(4,013,349)
Write back of provision for foreseeable loss	5	(2,140,000)	–
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)	–
Operating cash flows before changes in working capital		32,492,193	91,271,533
Changes in working capital			
(Increase)/decrease in:			
Development properties		93,098,815	(84,627,386)
Due from a hotel operator, other		193,825	–
Due from a joint venture, trade		15,966,538	14,122,331
Due from joint ventures, non-trade		9,067,758	67,631,714
Due from an associate, non-trade		43,144,948	(437)
Due from related company, trade		606,947	(603,974)
Due from related company, non-trade		8,621	2,154
Inventories		85,611	–
Other assets		(8,683,689)	(10,164,743)
Prepaid operating expenses		(158,171)	(587,710)
Properties held for sales		1,812,142	42,558,752
Trade and other receivables		(36,234,465)	17,178,978
Increase/(decrease) in:			
Due to a joint venture, non-trade		(48,304,690)	(9,493,171)
Due to related companies, trade		(16,126,490)	(545,314)
Due to related company, non-trade		(129,408)	2,157
Other liabilities		13,443,737	1,406,196
Trade and other payables		(11,615,774)	2,573,979
Cash flows from operations		88,668,448	130,725,059
Income tax paid		(15,183,761)	(8,794,131)
Net cash flows from operating activities		73,484,687	121,930,928

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

CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

For the year ended 31 December 2014

	Note	2014 $	2013 $
Investing activities			
Dividend income received	5	902,380	72,964
Interest income received		791,947	511,755
Loan to joint ventures		–	(1,117,000)
Proceeds from disposal of property, plant and equipment		149,300	–
Proceeds from disposal of investment property - held for sale		6,800,000	3,520,000
Proceeds from disposal of quoted investments		276,000	–
Proceeds from disposal of unquoted investments		–	750,000
Purchase of investment properties		(105,719,934)	(167,454,512)
Purchase of property, plant and equipment		(2,410,869)	(659,041)
Purchase of quoted investments		(6,118,312)	(17,516,202)
Purchase of unquoted investments		–	(2,256,920)
Net cash outflow on acquisition of subsidiaries	12	(197,216,228)	–
Net cash flows used in investing activities		(302,545,716)	(184,148,956)
Financing activities			
Acquisition of non-controlling interest		(172,200)	–
Dividends paid on ordinary shares by the Company	38	(3,764,463)	(7,990,641)
Dividends paid to non- controlling interest		(17,662)	–
Interest paid		(15,874,730)	(4,484,347)
Loans from related companies		–	9,135,999
Proceeds from loans and borrowings		709,705,602	156,959,994
Proceeds from other financial liabilities		–	114,689,450
Repayment of bank term loans		(543,110,061)	(110,512,000)
Repayment of lease obligations		(56,327)	(249,079)
Net cash flows generated from financing activities		146,710,159	157,549,376
Net (decrease)/increase in cash and cash equivalents		(82,350,870)	95,331,348
Cash and cash equivalents at beginning of year		115,931,661	20,600,313
Cash and cash equivalents at end of year	16	33,580,791	115,931,661

A. Purchase of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of $3,270,980 (2013: $848,461), of which $60,000 (2013: $189,420) was acquired by means of hire purchase arrangements and $800,111 (2013:$Nil) was through trade in. The balance of $2,410,869 (2013: $659,041) 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 12 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 income statement, statement of comprehensive income, balance sheet and statement of changes in equity 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 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

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

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
Amendment to FRS 19 *Defined Benefit Plans : Employee Contributions*	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 *Share Based Payment*	1 July 2014
(b) Amendments to FRS 103 *Business Combinations*	1 July 2014
(c) Amendments to FRS 108 *Operating Segments*	
(d) Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
(e) Amendments to FRS 16 *Property, Plant and Equipment and* FRS 38 *Intangible Assets*	1 July 2014
(f) Amendments to FRS 24 *Related Party Disclosures*	
Improvements to FRSs (February 2014)	1 July 2014
(a) Amendments to FRS 103 *Business Combinations*	1 July 2014
(b) Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 16 and FRS 41 *Aricultures-Bearer Plants*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisition of Interests in Joint Operations*	1 January 2016
Amendments to FRS 110 and FRS 28 *Sale for Contribution of Assets between an Investor and its Associate or Joint Venture*	
Improvements to FRSs (November 2014)	1 January 2016
(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
FRS 115 *Revenue from Contracts with Customers*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018

Except for FRS 115, 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 is described below.

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

<u>Early Adoption of Amendments to FRS 27 Equity Method in Separate Financial Statements</u>
The Company has elected for early adoption of Amendments to FRS 27 *Equity Method in Separate Financial Statements* that are effective for annual periods beginning on or after 1 January 2016, in accounting for its investments in joint ventures which are subsidiaries of the Group. Upon adoption of this amendment, the Company reported an income of $755,259 for its share of results of joint ventures for the year ended 31 December 2014. There is no financial impact for year ended 31 December 2013.

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

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

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 is deemed to be an asset or liability, will be recognised.

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 and furniture and fixtures 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.

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

Depreciation is computed on a straight-line basis 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

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 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.

The land portion under investment properties is initially measured at cost and not subject to depreciation.

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.

The building included under 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.

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

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

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

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

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

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

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

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

In the Company's separate financial statements, the investments in joint ventures have been accounted for using the equity method based on early adoption of Amendments to FRS 27 *Equity Method in Separate Financial Statements* (Note 2.3).

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.

2.15 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.

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

2.15 Construction contracts (cont'd)

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.

No financial guarantee is recognised on the balance sheet of the Group.

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of development properties if they are directly attributable to the acquisition and construction of development properties. 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 development property, 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 retains 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

- 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, which is normally unconditional exchange of contracts.

(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 when 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 based on the costs incurred up until the end of the reporting periods as a proportion of total costs expected to be incurred. The costs incurred will be based on surveys/certifications of work done as construction progress.

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) Leisure 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) Hotel income

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

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.

(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.

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

2.25 Taxes (cont'd)

(b) Deferred tax (cont'd)

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.

(c) Sales tax

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

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

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

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

2.26 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 42, including the factors used to identify the reportable segments and the measurement basis of segment information.

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

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.

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.

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

2.30 Related parties (cont'd)

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

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

(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.

2.32 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:

<u>Hedges of a net investment</u>

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 19 for more details.

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

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 intangible assets 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 estimated the percentage of completion of its development properties by reference to professional surveys of work performed. When the final cost incurred by the Group is different from the amounts that were initially budgeted, such differences will impact the revenue recognised in the period in which such determination is made. The Group's revenue recognised of development properties for the year ended 31 December 2014 was $59,477,814 (2013: $224,726,751).

(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 2014 was $410,926 (2013: $144,357). Whereas, the carrying amount of the Group's tax payables, deferred tax assets and deferred tax liabilities at 31 December 2014 was $24,785,503 (2013: $10,224,394), $7,178,368 (2013: $356,156) and $93,332,245 (2013: $19,653,098) respectively.

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

(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 a property held to earn rentals or for capital appreciation or both. Therefore, 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.

3.2 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 15 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 2014 were $88,536,874 (2013: $254,972,169) and $70,022,051 (2013: $217,882,196) respectively.

(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 2014. 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 Direct Comparison Method and the Discounted Cash Flow Method.

The carrying amounts of the investment properties and property, plant and equipment carried at fair value as at 31 December 2014 are $348,132,048 (2013: $165,982,323) and $708,368,477 (2013: $1,565,672) respectively.

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

3.2 Key sources of estimation uncertainty (cont'd)

(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		Company	
Revenue is analysed as follows:	2014 $	2013 $	2014 $	2013 $
Revenue from sales of development properties	58,580,083	224,726,751	–	–
Project revenue arising from construction contracts	897,731	14,547,445	–	–
Rental revenue from investment and development properties	33,132,281	1,364,534	–	–
Management fee charged to				
- joint ventures	–	156,442	–	242,755
- subsidiaries	–	–	1,671,339	1,041,410
- third parties	3,530	–	–	–
Revenue from hotel operations	36,088,571	–	–	–
Revenue from leisure business	7,720,286	–	–	–
	136,422,482	240,795,172	1,671,339	1,284,165

5. OTHER INCOME/(OTHER EXPENSE)

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Other income:				
Dividend income from quoted investments	902,380	72,964	–	–
Dividend income from subsidiaries	–	–	–	120,000,000
Miscellaneous income	2,477,571	844,871	–	3,629,755
Management fees	–	126,634	–	–
Rental income				
- investment properties	–	134,109	–	–
- others	63,000	33,600	–	–
Fair value gain on financial instruments				
- investments held for trading - quoted	–	1,191,812	–	–
- investments held for trading - unquoted	153,110	–	–	–
Gain on disposal of property, plant and equipment	2,642	–	–	–
Gain on disposal of investment property - held for sale	1,673,639	–	–	–
Gain on disposal of investment	88,378	–	–	–
Write back of provision for foreseeable losses	2,140,000	–	–	–
	7,500,720	2,403,990	–	123,629,755
Other expenses:				
Loss on disposal of property, plant and equipment	–	(5,202)	–	–
Loss on disposal of investments – unquoted	–	(1,500)	(2,706,591)	–
Loss on property, plant and equipment written off	(80,262)	–	–	–
Fair value loss on investments held for trading – unquoted	–	(194,485)	–	–
Fair value loss on investments held for trading – quoted	(7,277,002)	–	–	–
Impairment loss on investment in subsidiary companies	–	–	(9,849,982)	–
Impairment loss on investment property	(2,058,734)	–	–	–
Impairment loss on properties held for sale	(3,327,315)	–	–	–
Foreign exchange differences	(5,568,730)	–	–	–
	(18,312,043)	(201,187)	(12,556,573)	–

6. FINANCIAL INCOME/(EXPENSES)

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Interest expense				
- bank term loans	(10,550,344)	(2,498,723)	–	–
- obligations under finance leases	(3,336)	(5,223)	–	(627)
- loans from subsidiaries	–	–	(819,012)	(927,055)
- loans from related companies	(16,902)	(219,527)	–	–
- loans from joint venture	–	(72,609)	–	–
- bank overdrafts	(30)	(205)	–	–
- medium term notes	(5,462,500)	(1,043,698)	(5,462,500)	(1,043,698)
- interest rate swap	(664,255)	(537,264)	–	–
	(16,697,367)	(4,377,249)	(6,281,512)	(1,971,380)
Less: interest expenses capitalised in development properties (Note 22)	607,612	547,249	–	–
Financial expenses	(16,089,755)	(3,830,000)	(6,281,512)	(1,971,380)
Interest income from loans and receivables				
- fixed deposits	197,693	86,209	–	12,110
- unquoted investments	203,500	189,080	–	–
- loans to subsidiaries	–	–	7,496,129	1,269,841
- loan to joint ventures	–	216,053	–	214,097
- others	390,754	89,911	76,348	26,913
Financial income	791,947	581,253	7,572,477	1,522,961

7. ADMINISTRATIVE EXPENSES

Administrative expenses include:

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Audit fees paid to the				
- auditors of the Company	198,021	155,649	107,000	69,550
- other auditors	189,405	–	–	–
Non-audit fees paid to the				
- auditors of the Company	125,109	5,111	6,732	3,499
- other auditors	29,982	–	–	–
Depreciation of property, plant and equipment	14,339,977	284,692	47,358	47,358
Depreciation of investment properties	4,059,191	1,472,189	–	–
Directors' fees	188,876	121,000	148,542	121,000
Employee' benefits expense (Note 33)	20,287,472	3,585,930	1,245,352	1,131,956
Operating lease expense (Note 35(c))	504,639	790,811	–	–
Stamp duty fees relating for the purchase of properties in Australia	5,138,569	9,493,512	–	–
Professional fees	1,813,877	944,262	801,514	–

8. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2014 and 2013 are:

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Current income tax				
Current income taxation	23,862,443	10,044,436	345,218	91,482
Under/(over) provision in respect of prior years	3,805,323	18,795	(92,009)	–
	27,667,766	10,063,231	253,209	91,482
Deferred income tax				
Origination and reversal of temporary differences	(16,812,870)	7,877,712	–	–
Income tax expense recognised in profit or loss	10,854,896	17,940,943	253,209	91,482

8. INCOME TAX EXPENSE (CONT'D)

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2014 and 2013 is as follows:

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Profit/(loss) before tax	331,978,174	96,501,953	(17,170,370)	122,013,108
Tax at the domestic rate applicable to profits in the countries where Group operates	50,544,143	14,410,239	(2,918,963)	20,742,228
Adjustments:				
Income not subject to taxation	(62,767,699)	(12,403)	–	(20,400,000)
Non-deductible expenses	13,233,798	4,633,645	3,371,848	347,872
Deferred tax assets not recognised	5,551,129	358,708	–	–
Under/(over) provision in respect of prior years	3,805,323	18,795	(92,009)	–
Utilisation of deferred tax assets not recognised in prior years	(635,140)	(444,807)	–	–
Withholding tax	937,973	–	–	–
Effect of partial tax exemption	(252,080)	(121,907)	(66,125)	(62,213)
Share of results of joint ventures	239,711	(958,396)	(128,394)	–
Others	197,738	57,069	86,852	(536,405)
Income tax expense recognised in profit or loss	10,854,896	17,940,943	253,209	91,482

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.

8. INCOME TAX EXPENSE (CONT'D)

The effects of income not subject to taxation for tax purposes

The nature of income that are not subject to taxation are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Dividend income	(153,405)	(12,403)	–	(20,400,000)
Write back of foreseeable losses	(363,800)	–	–	–
Gain from bargain purchase arising from acquisition	(25,082,558)	–	–	–
Gain on re-measurement of investment in joint venture company to fair value upon business combination achieved in stages	(34,060,025)	–	–	–
Others	(3,107,911)	–	–	–
	(62,767,699)	(12,403)	–	(20,400,000)

Unutilised tax losses and capital allowances

The subsidiaries of the Company have unutilised tax losses of $83,817,000 (2013: $62,002,040) 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 38) for the years ended 31 December 2014 and 2013.

9. EARNINGS PER SHARE

(a) Continuing operations

Basic earnings per share from continuing operations are calculated by dividing 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 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 profit and share data used in the computations of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2014 $	2013 $
Profit for the year attributable to owners of the Company used in the computation of basic and diluted earnings per ordinary share	321,283,030	79,953,476
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 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 profit and share data are presented in the tables in Note 9(a) above.

10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land $	Freehold properties $	Leasehold land and properties $	Motor vehicles $	Furniture, fittings and office equipment $	Plant and machinery $	Total $
Cost							
At 1 January 2013	2,492,875	4,960,024	–	1,113,881	279,818	108,210	8,954,808
Additions	–	–	–	311,420	537,041	–	848,461
Transfer to development properties	(2,492,875)	(4,960,024)	–	–	–	–	(7,452,899)
Disposals/write off	–	–	–	–	(64,121)	–	(64,121)
At 31 December 2013 and 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 24)	–	–	–	–	–	(1,895)	(1,895)
Disposals/write off	–	–	(99,900)	(1,163,953)	(42,053)	(90,516)	(1,396,422)
At 31 December 2014	–	–	710,528,383	4,345,901	3,721,496	4,489,138	723,084,918
Accumulated depreciation							
At 1 January 2013	–	1,902,432	–	289,837	228,561	36,763	2,457,593
Depreciation charge for the year	–	45,306	–	158,423	44,270	21,642	269,641
Transfer to development properties	–	(1,947,738)	–	–	–	–	(1,947,738)
Disposals/write off	–	–	–	–	(58,919)	–	(58,919)
At 31 December 2013 and 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 24)	–	–	–	–	–	(706)	(706)
Disposals/write off	–	–	–	(263,457)	(34,608)	(59,689)	(357,754)
At 31 December 2014	–	–	12,630,775	677,733	892,985	514,948	14,716,441
Net carrying amount							
At 31 December 2014	–	–	697,897,608	3,668,168	2,828,511	3,974,190	708,368,477
At 31 December 2013	–	–	–	977,041	538,826	49,805	1,565,672

* This is 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 during the year.

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group charged the depreciation expense of $14,339,977 (2013: $284,692) to the Income Statement while the remaining amount of $14,347 (2013: $29,985) was reflected in the Balance Sheet as development properties.

Company	**Motor vehicles $**	**Furniture, fittings and office equipment $**	**Total $**
Cost			
At 1 January 2013	236,790	16,806	253,596
Additions	–	–	–
Disposals	–	–	–
At 31 December 2013 and 1 January 2014	236,790	16,806	253,596
Additions	–	–	–
Disposals	–	–	–
At 31 December 2014	236,790	16,806	253,596
Accumulated depreciation			
At 1 January 2013	35,518	16,806	52,324
Depreciation charge during the year	47,358	–	47,358
Disposals	–	–	–
At 31 December 2013 and 1 January 2014	82,876	16,806	99,682
Depreciation charge during the year	47,358	–	47,358
Disposals	–	–	–
At 31 December 2014	130,234	16,806	147,040
Net carrying amount			
At 31 December 2014	106,556	–	106,556
At 31 December 2013	153,914	–	153,914

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Assets held under finance leases

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

	Group	
	2014 $	2013 $
Net book value of assets acquired under finance leases		
- motor vehicles and lorry crane	230,817	714,616

Assets pledged as security

In addition to assets held under finance leases, the Group's leasehold land and properties with a net carrying amount of $697,897,608 (2013: $Nil) have been mortgaged to secure bank overdraft and loan facilities granted to a subsidiary (Note 28).

11. INVESTMENT PROPERTIES

	$
Cost	
At 1 January 2013	–
Additions	167,454,512
At 31 December 2013	167,454,512
Additions	105,721,124
Acquisition of subsidiaries (Note 12)	87,750,000
Transfer from properties held for sale (Note 22)	28,523,481
Transfer to investment properties-held for sale (Note 24)	(22,040,729)
Exchange differences	(15,510,924)
At 31 December 2014	351,897,464

11. INVESTMENT PROPERTIES (CONT'D)

	$
Accumulated depreciation	
At 1 January 2013	–
Additions	1,472,189
At 31 December 2013	1,472,189
Depreciation charge for the year	4,059,191
Impairment loss	2,058,734
Transfer to investment properties-held for sale (Note 24)	(3,792,876)
Exchange differences	(31,822)
At 31 December 2014	3,765,416
Net carrying amount	
At 31 December 2014	348,132,048
At 31 December 2013	165,982,323

	Group	
	2014 $	2013 $
Income statement:		
Rental income from investment properties:		
- Minimum lease payments	25,624,127	1,364,534
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	(19,843,773)	(23,784)

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.

Valuation of investment properties

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. The investment properties as determined by the directors, based on indicative open market value amounted to $377,275,000 as at 31 December 2014 (2013: $186,372,000) as advised by a firm of independent professional valuers.

The indicative market value is based on direct comparison method approach in arriving at the fair value of the properties. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties.

Transfer to investment properties held for sale

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 24.

11. INVESTMENT PROPERTIES (CONT'D)

Impairment of assets

During the financial year, a subsidiary of the Group, Meteorite Property (Stirling Street) Pty Ltd carried out an annual valuation of the investment property situated at 130 Stirling Street, Perth, Australia. An impairment loss of $2,058,734 (2013: $Nil), representing the write-down of this property to the recoverable amount was recognised in "Other expenses" (Note 5) line item of profit or loss for the financial year ended 31 December 2014.

Presentation of Plant and Machinery

In the financial year ended 31 December 2013, plant and machinery which form part of investment properties amounting to $28,076,127 was presented separately on the balance sheet under property, plant and equipment.

For better presentation, in 2014, these plant and machinery being an integral part of investment properties are presented together with the investment properties. Accordingly, for comparison purposes, the 2013 comparative has been similarly re-presented.

Properties pledged as security

Investment properties with carrying amount of $346,733,334 (2013: $95,060,374) mortgaged to banks to secure bank facilities (Note 28).

Details of the investment properties are disclosed in Note 44.

12. INVESTMENT IN SUBSIDIARIES

	Company	
	2014 $	2013 $
Unquoted equity shares, at cost	231,851,666	222,599,667
Impairment losses	(68,749,982)	(58,900,000)
	163,101,684	163,699,667

During the year ended 31 December 2014, the Company recognised impairment losses of $9,849,982 (2013: $Nil) for a subsidiary, Hiap Hoe SuperBowl JV Pte Ltd. The recoverable amount is 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.

a) Details of the subsidiaries are as follows:

Name	Principal activities (Country of incorporation and place of business)	Proportion of ownership interest 2014 %	Proportion of ownership interest 2013 %	Cost of investment 2014 $	Cost of investment 2013 $
Held by the Company					
Bukit Panjang Plaza Pte Ltd [(1)]	Property developer and owner (Singapore)	100	100	33,334,548	33,334,548
Guan Hoe Development Pte Ltd [(1)]	Property developer and owner (Singapore)	100	100	1	1
Keng Hoe Development Pte Ltd [(4)]	Property developer and owner (Singapore)	–	100	–	1

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name	Principal activities (Country of incorporation and place of business)	Proportion of ownership interest		Cost of investment	
		2014	2013	2014	2013
		%	%	$	$
Held by the Company					
Hiap Hoe Investment Pte Ltd [1]	Investment holding (Singapore)	100	100	1	1
Wah Hoe Development Pte Ltd [1]	Property developer and owner (Singapore)	100	100	1,000,000	1,000,000
Leong Hoe Development Pte Ltd [4]	Property developer and owner (Singapore)	–	100	–	1,000,000
Cavenagh Properties Pte Ltd [1]	Property developer and owner (Singapore)	100	100	1,000,000	1,000,000
WestBuild Construction Pte Ltd [1]	Civil engineering, general road construction and sub-contractor works (Singapore)	100	100	80,917,110	80,917,110
Oxford Development Pte. Ltd. [4]	Property developer and owner (Singapore)	–	100	–	998,001
Leng Hoe Development Pte Ltd [4]	Property developer and owner (Singapore)	–	100	–	750,001
Hiap Hoe Strategic Pte Ltd [1]	Investment holding (Singapore)	100	100	2	2
Meteorite Land Singapore Pte Ltd [5]	Dormant (Singapore)	100	100	2	2
Meteorite (Australia) Pte. Ltd. [1]	Investment holding (Singapore)	100	100	103,000,000	103,000,000
HH Residences Pte Ltd [1]	Property investment and owner (Singapore)	100	–	2	–
Held by Meteorite (Australia) Pte Ltd					
Meteorite Land Pty Ltd [3]	Property owner (Australia)	100	100	102,195,354	102,195,354
Meteorite Development Pty Ltd [3]	Property developer (Australia)	100	100	2	2

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name	Principal activities (Country of incorporation and place of business)	Proportion of ownership interest 2014 %	Proportion of ownership interest 2013 %	Cost of investment 2014 $	Cost of investment 2013 $
Held by Meteorite Land Pty Ltd					
Meteorite Property (Lonsdale Street) Pty Ltd (6)	Property Investment and Owner (Australia)	100	100	2	2
Meteorite Property (Bourke Street) Pty Ltd (6)	Property Investment & Owner (Australia)	100	100	2	2
Meteorite Land (Pearl River) Pty Ltd (6)	Property Owner (Australia)	100	100	2	2
Meteorite Property (Stirling Street) Pty Ltd (6)	Property Investment & Owner (Australia)	100	100	2	2
Meteorite Land (King Street) Pty Ltd (4)	Property Owner (Australia)	–	100	–	2
Meteorite Land (St Kilda) Pty Ltd (4)	Property Owner (Australia)	–	100	–	2
Held By Meteorite Development Pty Ltd					
Meteorite Development (Lonsdale Street) Pty Ltd (5)	Property Development (Australia)	100	100	2	2
Meteorite Development (Pearl River) Pty Ltd (5)	Property Development (Australia)	100	100	2	2
Meteorite Development (St Kilda) Pty Ltd (4)	Property Development (Australia)	–	100	–	2
Held By Hiap Hoe Strategic Pte Ltd					
SuperBowl Holdings Limited (2)	Investment holding (Singapore)	98.99	–	241,665,717	–

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name	Principal activities (Country of incorporation and place of business)	Proportion of ownership interest 2014 %	Proportion of ownership interest 2013 %	Cost of investment 2014 $	Cost of investment 2013 $
Held By SuperBowl Holdings Limited					
SuperBowl Jurong Pte Ltd [2]	Property investment (Singapore)	100	–	7,617,492	–
SuperBowl Development Pte Ltd [2]	Owners and operators of bowling alleys and recreation centres (Singapore)	100	–	10,608,107	–
SuperBowl Management Pte Ltd [2]	No operations (Singapore)	100	–	989,001	–
SuperBowl Sentosa Pte Ltd [5]	Dormant (Singapore)	100	–	1,249,999	–
SuperBowl Golf & Country Club Pte Ltd [2]	No operations (Singapore)	100	–	500,000	–
SuperBowl Land Pte Ltd [5]	Dormant (Singapore)	100	–	2	–
SuperBowl Funworld Pte Ltd [2]	Property investment (Singapore)	100	–	100,000	–
Held By the Company and SuperBowl Holdings Limited					
Cantonment Development Pte Ltd [5]	Dormant (Singapore)	100	–*	10	–
HH Properties Pte Ltd [2]	Property developer and owner (Singapore)	100	–#	10	–
Hiap Hoe SuperBowl JV Pte Ltd [1]	Property developer and owner (Singapore)	100	60	21,000,000	600,000
Held By the Wah Hoe Development Pte Ltd and SuperBowl Management Pte Ltd					
Goodluck View Development Pte Ltd [1]	Property developer and owner (Singapore)	100	–#	1,000,000	–

(1) Audited by Ernst & Young LLP, Singapore.
(2) Audited by Foo Kon Tan LLP.
(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 hold the properties purchased.
* The Group holds 40% ownership interest in Cantonment Development Pte Ltd in 2013 and account for it as an associate (Note 13)
# The Group holds 50% ownership interest in HHP and 60% ownership interest in GLV in 2013 and account for it as joint venture (Note 14)

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

b) Incorporation of subsidiary

The Company incorporated a new subsidiary, HH Residences Pte Ltd whose principal activity is in the business of property investment.

c) De-registration of subsidiaries

The Company also deregistered some of its dormant subsidiaries, namely: Keng Hoe Development Pte Ltd, Leong Hoe Development Pte Ltd, Oxford Development Pte Ltd, Leng Hoe Development Pte Ltd, Meteorite Land (King Street) Pty Ltd, Meteorite Land (St Kilda) Pty Ltd and Meteorite Development (St Kilda) Pty Ltd.

d) Acquisition of subsidiaries

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:

	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

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

d) Acquisition of subsidiaries (cont'd)

	Fair value recognised on acquisition $
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
Deferred cash settlement	(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.

Impact of the acquisition on profit or loss

From the acquisition date, SuperBowl and HHP have contributed $57,993,827 and $7,962,010 to the Group's revenue and profit for the year respectively. 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.

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

e) Acquisition of non-controlling interest

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.

13. INVESTMENT IN ASSOCIATE

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Shares, at cost	–	4	4	4
Share of post-acquisition reserves	–	(4)	(4)	(4)
	–	–	–	–

Name	Principal activities (Country of incorporation and place of business)	Proportion of ownership interest 2014 %	Proportion of ownership interest 2013 %	Cost of investment 2014 $	Cost of investment 2013 $
Held by the Company					
Cantonment Development Pte. Ltd. [(1)]	Property investment and development (Singapore)	–	40%	–	4

[(1)] No audit has been performed for this company as it is exempted from audit because it has been dormant since the date of incorporation.

In connection with the acquisition of SuperBowl Holdings Limited during the year, Cantonment Development Pte Ltd became a subsidiary with a shareholding of 99.4%, as disclosed in Note 12 of the audited financial statements.

The Group has not recognised losses relating to Cantonment Development Pte. Ltd. where its share of losses exceeds the Group's interest in this associate, prior to the acquisition of SuperBowl. In 2013, the Group's cumulative share of unrecognised losses at the balance sheet date was $8,570, of which $444 was the share of FY2013 losses.

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

	Group	
	2014 $	2013 $
Assets and liabilities:		
Total assets	–	75
Total liabilities	–	(21,510)
Results:		
Loss for the year, representing total comprehensive income	–	(1,109)

14. INVESTMENT IN JOINT VENTURES

	Group	
	2014 $	2013 $
Shares, at cost	–	600,005
Share of post-acquisition reserves	–	6,128,770
	–	6,728,775

In connection with the acquisition of SuperBowl Holdings Limited during the year, both HH Properties Pte. Ltd. ("HHP") and Goodluck View Development ("GLV"), previously accounted for as jointly controlled entities of the Group in 2013 audit financial statements, are substantially held by the Company as at 31 December 2014 with effective interests of 99.5% and 99.6% respectively and are now consolidated with the Group.

HHP is jointly held by the Company and SuperBowl in equal proportions of 50%.

GLV is a joint venture wholly held by the Group through two subsidiaries, Wah Hoe Development Pte Ltd and SuperBowl Management Pte Ltd.

Accordingly, HHP and GLV have been disclosed under Note 12 of the audited financial statements.

The Group has not recognised losses relating to HHP where its share of losses exceeds the Group's interest in the joint venture, prior to the acquisition of SuperBowl. In previous financial year, the Group's cumulative share of unrecognised losses at the balance sheet date was $3,935,657, of which $987,502 was the remaining share of the FY2013 losses.

The aggregate amounts of each current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the Group's interests in the jointly-controlled entities are as follow:

	Group	
	2014 $	2013 $
Assets and liabilities:		
Current assets	–	14,183,357
Non-current assets	–	109,130,961
Total assets	–	123,314,318
Current liabilities	–	(24,303,086)
Non-current liabilities	–	(95,798,374)
Total liabilities	–	(120,101,460)

14. INVESTMENT IN JOINT VENTURES (CONT'D)

	Group	
	2014 $	2013 $
Income and expenses:		
Income	–	31,149,972
Expenses	–	(26,080,109)
Profit for the year	–	5,069,863

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Current				
Trade receivables	52,924,146	12,045,857	–	–
Other receivables	1,353,614	367,380	–	–
Staff loan	26,900	14,200	–	–
Less: allowance for doubtful receivables				
- trade	(268,882)	(225,821)	–	–
	54,035,778	12,201,616	–	–
Non-current				
Other receivable- Staff loan	26,900	16,600	–	–
Others	15,000	–	–	–
Total trade and other receivables	54,077,678	12,218,216	–	–
Add:				
Due from subsidiaries (trade) (Note 20(i))	–	–	1,333,323	1,138,983
Due from subsidiaries (non-trade) (Note 21)	–	–	297,996,959	267,793,381
Due from related companies (trade) (Note 20(i))	16,433	622,001	–	–
Due from related companies (non-trade) (Note 20(i))	41	98	–	–
Due from joint ventures (non-trade) (Note 20(ii))	–	1,950,655	–	1,915,226
Due from joint ventures (trade) (Note 20(i))	–	12,201,670	–	165,897
Due from an associate (non-trade) (Note 20(i))	–	3,462	–	3,462
Other assets (Note 18)	20,286,474	10,352,355	450	450
Cash and short-term deposits (Note 16)	33,330,451	115,931,661	2,513,158	33,342,199
Total loans and receivables	107,711,077	153,280,118	301,843,890	304,359,598

15. TRADE AND OTHER RECEIVABLES (CONT'D)

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:

	2014 $	2013 $
Australian Dollar	486,890	393,376

Staff loans

Staff loans are unsecured and non-interest bearing. Non-current amounts have an average maturity of 5 years (2013: 3.4 years). The loans are recognised initially at fair value. The carrying amount of non-current staff loans approximates the fair value of the loan as at 31 December 2014.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to $955,954 (2013: $11,820,036) 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	
	2014 $	2013 $
Trade receivables past due but not impaired:		
Less than 30 days	544,825	11,820,036
31- 60 days	147,062	–
61- 90 days	56,313	–
More than 91 days	207,754	–
	955,954	11,820,036

15. TRADE AND OTHER RECEIVABLES (CONT'D)

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	
	2014	**2013**
	$	**$**
Trade receivables–nominal amounts	341,056	225,821
Less: Allowance for impairment	(268,882)	(225,821)
	72,174	–
Movement in allowance accounts		
At 1 January	225,821	80,736
Charge for the year	43,061	145,085
At 31 December	268,882	225,821

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.

16. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Cash and bank balances	28,665,076	103,372,903	2,513,158	33,342,199
Fixed deposits	4,665,375	12,558,758	–	–
	33,330,451	115,931,661	2,513,158	33,342,199
Disposal group classified as held for sale (Note 24)	250,340	–	–	–
Cash and cash equivalents	33,580,791	115,931,661	2,513,158	33,342,199

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

	2014	2013
	$	$
Australian Dollar	3,011,311	3,831,761
Bangladesh Taka	95,344	72,230
Malaysia Ringgit	27,363	–
United States Dollar	5,977	5,717

Cash and bank balances earn interest at floating rates based on daily bank deposit rates ranging from 0.25% to 2.25% (2013: 0.11% to 0.26%) 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 2014 for the Group were ranging from 0.65% to 3.43% (2013: 0.18% to 3.62%).

17. OTHER INVESTMENTS

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Held for trading investments				
- Quoted investments	28,458,093	20,020,002	–	–
- Unquoted investments	5,841,420	4,620,034	–	–
	34,299,513	24,640,036	–	–

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

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
United States Dollar	2,733,331	251,920	–	–
Bangladesh Taka	364,293	–	–	–
Malaysia Ringgit	1,628,990	–	–	–
Australia Dollar	99,734	–	–	–
Canadian Dollar	110,534	–	–	–
Swiss Franc	217,469	–	–	–
Euro	435,926	–	–	–
British Pounds	327,519	–	–	–
Japanese Yen	105,313	–	–	–

During the financial year, the Group recognised fair value loss of $7,277,002 (2013: gain of $1,191,812) on held-for-trading investments-quoted and fair value gain of $153,110 (2013: loss of $194,485) on held-for-trading investments-unquoted in the income statement.

18. OTHER ASSETS

	Group	
	2014 $	2013 $
Other assets		
Current	1,160,518	10,352,355
Non-current	19,125,956	–
	20,286,474	10,352,355

Other assets classified under non-current comprised pre-sale deposits of $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 26. In 2013, other assets classified under current mainly comprised deposit paid of $10,127,250 for 130 Stirling Street, Perth.

18. OTHER ASSETS (CONT'D)

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

	Group	
	2014 $	2013 $
Australian Dollar	19,125,956	10,127,250

19. DERIVATIVES

Group 2014	Contract/ Notional amount $	Assets $	Liabilities $
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 Investment (Note 17)		34,299,513	–
Less: Hedge Accounting		–	934,375
Total financial assets / (liabilities) at fair value through profit or loss		35,682,550	(3,293,983)
Group **2013**			
Currency swaps	48,620,250	933,848	–
Interest rate swaps	35,149,997	–	(514,946)
		933,848	(514,946)
Add: Other Investment (Note 17)		24,640,036	–
Less: Hedge Accounting		(933,848)	–
Total financial assets / (liabilities) at fair value through profit or loss		24,640,036	(514,946)

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 loss of $1,868,223 (2013: gain of $933,848) was included in hedging reserve in statement of equity in respect of this contract.

During the year, 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.

19. DERIVATIVES (CONT'D)

Interest rate swaps

The interest rate swap 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.

The second interest rate swap was entered into during the year which 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

A third interest rate swap was entered into during the year. The interest rate swap receives floating interest equal to BBSY per annum, pays fixed rate of interest at 3.71% per annum and will mature on 23 April 2019.

20. DUE FROM/(TO) SUBSIDIARIES/RELATED COMPANIES/JOINT VENTURES/ASSOCIATE

(i) Due from subsidiaries (trade), due from related companies (trade) (non-trade), due from joint ventures (trade), due from an associate (non-trade), due to related companies (trade)

These balances are unsecured, interest-free and repayable on demand in cash.

(ii) Due from joint ventures (non-trade)

The amounts due from joint ventures are as follows:

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Interest receivable	–	1,891,417	–	1,855,987
Others	–	59,238	–	59,239
	–	1,950,655	–	1,915,226

In 2013, the amounts due from joint ventures are unsecured, repayable on demand in cash. The loans bear weighted average effective interest ranging from 0.25% to 0.65% per annum.

(iii) Due to joint venture (non-trade)

The amounts due to joint venture are as follows:

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Interest receivable	–	(83,239)	–	–
Others	–	(46,373)	–	–
	–	(129,612)	–	–

In 2013, the amounts due to joint ventures are unsecured, repayable on demand in cash. The loans bear weighted average effective interest at 0.86% per annum.

21. DUE FROM/(TO) SUBSIDIARIES (NON-TRADE)

The amounts due from subsidiaries are as follows:

	Company	
	2014	2013
	$	$
Loans	298,092,342	143,825,659
Interest receivable	5,157,379	1,232,597
Others	3,748	122,735,125
Less: allowance for doubtful receivables	(5,256,510)	–
	297,996,959	267,793,381

The amounts due from subsidiaries are unsecured, repayable on demand in cash. The loans bear weighted average effective interest ranging from 0.25% to 4.75% (2013: 0.25% to 4.75%) per annum.

	Company	
	2014	2013
	$	$
Trade receivables–nominal amounts	23,686,706	–
Less: Allowance for impairment	(5,256,510)	–
	18,430,196	–
Movement in allowance accounts		
At 1 January	–	–
Charge for the year	5,256,510	–
At 31 December	5,256,510	–

The amounts due to subsidiaries are as follows:

	Company	
	2014	2013
	$	$
Loans	(86,855,797)	(67,430,984)
Interest payable	(32,969)	(1,069,190)
Others	(4,703)	(3,339)
	(86,893,469)	(68,503,513)

The amounts due to subsidiaries are unsecured, repayable on demand in cash, and bear weighted average effective interest ranging from 0.25% to 1.72% (2013: 0.94%) per annum.

22. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE

	Group	
	2014 $	2013 $
Freehold land and related costs	208,040,551	209,415,835
Development costs	77,433,737	63,282,795
Property tax and interest	19,685,897	16,197,433
Attributable profit	170,004,615	134,543,172
	475,164,800	423,439,235
Less: Progress billings	(317,637,275)	(168,467,066)
	157,527,525	254,972,169
Less: Transferred to Properties held for sale	(68,990,651)	–
	88,536,874	254,972,169
Revenue from sale of development properties (recognised on completed contract basis)	58,580,083	84,065,037
Development properties recognised as an expenses in cost of sales	26,460,260	116,154,003

The advances received from customers as at 31 December 2014 is $19,125,956 (2013: $Nil) (Note 26).

(i) Interest costs capitalised during the year at an average rate of 1.75% (2013: 1.40%) per annum based on actual borrowing costs were paid to:

	Group	
	2014 $	2013 $
- financial institutions	607,612	547,249

(ii) The development properties and properties held for sale are mortgaged for bank borrowings (Note 28).

(iii) Included in development costs are project and construction management services of $51,146 (2013: $12,161) charged by a related company, at contractual terms agreed between the parties.

22. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE (CONT'D)

(iv) For the year ended 31 December 2014, one (2013: $Nil) of the Development Projects obtained its Temporary Occupancy Permit. Hence, the Group transferred an amount of $68,990,651 (2013: $Nil) pertaining to the unsold units to properties held for sale. During the year, the Group has sold $Nil (2013: $42,558,752) of unsold units.

	Group	
	2014	**2013**
	$	**$**
At 1 January	217,882,196	260,440,948
Transferred from development properties	68,990,651	–
Transferred to investment properties (Note 11)	(28,523,481)	–
Transferred to assets held for sale (Note 24)	(185,000,000)	–
Impairment loss (Note 5)	(3,327,315)	–
Sale during the year	–	(42,558,752)
At 31 December	70,022,051	217,882,196

23. INVENTORIES

	Group	
	2014	**2013**
	$	**$**
Consumables	60,632	–
Hotel supplies	2,000,950	–
	2,061,582	–

Inventories recognised as an expense in cost of sales amounted to $48,602 (2013: $Nil).

24. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

a) Proposed Disposal of Hiap Hoe SuperBowl JV Pte Ltd

On 8 December 2014, the Company together with SuperBowl Holdings Limited ("SuperBowl"), a subsidiary of the Company announced the decision of its Board of Directors to dispose 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 of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale".

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

	$
Other assets	150
Prepaid operating expenses	2,035
Properties held for sale	185,000,000
Cash and cash equivalents	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	
	2014 $	2013 $
Investment properties – held for sale		
At 1 January	–	3,520,000
Transfer from investment properties (Note 11)	18,247,853	–
Transfer from property, plant and equipment (Note 10)	1,189	–
Disposal of investment property	(5,126,361)	(3,520,000)
Balance at 31 December	13,122,681	–

During the year, the Group had granted options to third parties to purchase three investment properties for an aggregate sale consideration of $21,080,000.

The net carrying amount of the investment properties of $18,247,853 has been reclassified from investment properties to assets held for sale. An investment property held for sale at 279 Balestier Point of carrying value amounting to $5,126,361 is sold for $6,800,000 as indicated in the Option of Sale and Purchase Agreement entered on 18 November 2014 and completed on 29 December 2014. The disposal of the remaining two investment properties were completed subsequent to the end of reporting period.

Details of the investment properties classified as held-for-sale are disclosed in Note 44.

In 2013, the investment property held for sale at 34 Happy Ave East was sold at $3,520,000 as indicated in the Option of Sale and Purchase Agreement entered on 27 December 2012 and completed on 6 March 2013.

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Current				
Trade payables	11,309,927	15,722,097	–	–
Other payables	3,036,844	555,923	80,684	100,824
	14,346,771	16,278,020	80,684	100,824
Due to subsidiaries (non-trade) (Note 21)	–	–	86,893,469	68,503,513
Due to joint venture (non-trade) (Note 20(iii))	–	129,612	–	–
Due to related companies (trade) (Note 20(i))	534,021	345,936	–	–
Due to a related company (non-trade) (Note 27)	16,168	42,074,741	–	625
	14,896,960	58,828,309	86,974,153	68,604,962
Non-current				
Trade payables	323,272	1,945,615	–	–
Total trade and other payables	15,220,232	60,773,924	86,974,153	68,604,962
Add:				
Other liabilities (Note 26)	49,148,031	29,998,621	2,379,488	2,350,882
Interest-bearing loans and borrowings (Note 28)	462,216,130	218,229,875	–	–
Total financial liabilities carried at amortised cost	526,584,393	309,002,420	89,353,641	70,955,844

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

Trade and other payables denominated in foreign currencies as at 31 December 2014 are as follows:

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Australian Dollar	2,738,673	1,406,151	–	–

26. OTHER LIABILITIES

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Current				
Accrued operating expenses	25,287,269	28,345,288	2,379,488	2,350,882
Deposits received	2,915,498	10,000	–	–
Rental received in advance	103,164	–	–	–
	28,305,931	28,355,288	2,379,488	2,350,882
Non-current				
Accrued development costs	–	1,643,333	–	–
Deposits received	20,842,100	–	–	–
Total other liabilities	49,148,031	29,998,621	2,379,488	2,350,882

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

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Australian Dollar	19,125,956	1,643,333	–	–

27. DUE TO RELATED COMPANIES (NON-TRADE)

The amounts due to related companies comprised:

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Loans	–	41,394,490	–	–
Interest payable	–	672,567	–	–
Others	16,168	7,684	–	625
	16,168	42,074,741	–	625

The amounts due to related companies are unsecured, interest free, repayable on demand and in cash. The loan carried interest at weighted average effective rate from 0.25% to 0.30% in 2013 was settled during the year.

28. INTEREST-BEARING LOANS AND BORROWINGS

	Effective interest rate (% per annum) 2014	2013	Maturity	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
Current liabilities							
Bank term loans (Note 28.1)	1.39[1]	1.39[1]	2015	189,958,844	147,820,793	–	–
Interest payable	–	–	2015	499,261	68,590	–	–
Lease obligations (Note 36)	2.88[1]	2.88[1]	2015	37,500	40,498	–	–
				190,495,605	147,929,881	–	–
Non-current liabilities							
Bank term loans (Note 28.1)	2.61[1]	2.61[1]	2016 - 2017	271,720,525	70,299,994	–	–
Medium Term Notes (Note 28.3)	4.75[1]	4.86[1]	2016	114,800,660	114,689,450	114,800,660	114,689,450
				386,521,185	184,989,444	114,800,660	114,689,450
	Total			577,016,790	332,919,325	114,800,660	114,689,450

[1] Based on weighted average effective interest rates.

28.1 The bank term loans bear weighted average effective interest ranging from 1.39% to 2.61% (2013: 1.38% to 2.65%) per annum during the year. Interest rates of these loans are repriced at an interval of 1 to 3 months.

(a) A loan of $70,567,000 carried interest at weighted average effective interest rate of 1.39% per annum in 2013 was settled during the year;

(b) The term loans of $77,253,793 bear interest at weighted average effective interest rate of 1.5% per annum in 2013 was settled during the year;

(c) A loan of $25,000,000 (2013: Nil) carried interest at weighted average effective rate of 1.74% (2013: Nil) per annum is repayable within 12 months after reporting date;

(d) A loan of $95,000,000 (2013: Nil) carried interest at weighted average effective rate of 1.4% (2013: Nil) per annum.

(e) A loan of $3,279,500 (2013: Nil) carried interest at weighted average effective rate of 0.92% (2013: Nil) per annum. The loan is repayable on demand and is denominated in United State dollar. The facility shall only be utilised for the purchase (through) the bank of any cash based product and/ or marketable securities that acceptable to the bank.

(f) A loan of $3,268,844 (2013: Nil) carried interest at weighted average effective rate of 1.06% (2013: Nil) per annum. The loan 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 acceptable to the bank.

28. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

(g) A loan of $53,410,500 (2013: Nil) carried interest at weighted average effective rate of 2.2% (2013: Nil) 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".

In relation to this technical breach of loan covenant, the Group has obtained a letter dated 2 March 2015 from the bank stating that it will not take any action under the Facility Agreement and its security until such time as it obtains a Bank Acceptable Valuation and confirms whether the Group is in breach of the Loan to Value Ratio. If the Bank Acceptable Valuation reveals an Event of Default has occurred, the bank will complete a review of the Group's facilities (which the bank anticipate will be by 30 April 2015) and may revise the terms and conditions of the Facility Agreement (for example the financial undertakings) or require the Group to remedy the breach.

The Group has evaluated and confirmed that, if necessary, it has adequate financial resources to make a partial repayment so as to reinstate the Loan to Value Ratio and remedy the breach accordingly.

(h) A loan of $67,410,525 (2013: $70,299,994) carried interest at weighted average effective rate of 2.7% (2013: 2.61%) per annum. The loan is repayable by 30 November 2016 and is denominated in Australian dollar; and

(j) A loan of $214,310,000 (2013: Nil) carried interest at weighted average effective rate of 1.36% (2013: Nil) 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, $204,310,000 is included in non-current liabilities while the remaining $10,000,000 is under current liabilities

28.2 The bank term loans and land loans are secured by the following:

(a) legal mortgages on the Group's property, plant and equipment, investment properties and investment 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 sale and purchase agreements and/or tenancy agreements;

(d) assignment of proceeds of the Project Account and the rental account maintained with the bank;

(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 holding 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.

28.3 In May 2013, the Company established a $500 million Multicurrency Medium Term Note ("MTN") 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 set up a Multicurrency Medium Term Note Programme and 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 with three years maturity period. These notes are unsecured.

29. DEFERRED TAXATION

Deferred taxation as at 31 December relates to the following:

	Group			
	Balance sheet		Income statement	
	2014	2013	2014	2013
	$	$	$	$
Deferred tax assets:				
Unutilised tax losses	7,178,368	356,156	5,196,272	356,156
Deferred tax liabilities:				
Differences in recognition of profits on development properties	10,135,996	19,653,098	(11,616,598)	(7,833,767)
Fair value adjustment on acquisition of subsidiaries	83,196,249	–	–	–
	93,332,245	19,653,098	(11,616,598)	(7,833,767)

30. SHARE CAPITAL

	Group and Company			
	2014	2013	2014	2013
	Number of shares	Number of shares	$	$
Issued and fully paid ordinary shares:				
At 1 January/31 December	474,557,391	474,557,391	84,445,256	84,445,256

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

31. TREASURY SHARES

	Group and Company			
	2014	2013	2014	2013
	Number of ordinary shares	Number of ordinary shares	$	$
At 1 Jan/ at 31 December	(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.

32. RESERVES

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Accumulated profits	614,646,673	298,069,221	173,141,730	195,270,887
Dividend reserve(Note a)	4,705,575	3,764,460	4,705,575	3,764,460
Capital reserve (Note b)	(7,671,719)	(7,671,719)	–	–
Foreign currency reserve (Note c)	(7,243,596)	(3,955,110)	–	–
Hedging reserve (Note d)	(934,375)	933,848	–	–
Gain on reissuance of treasury shares (Note e)	51,890	51,890	51,890	51,890
Other reserves (Note f)	(1,822,625)	–	–	–
	601,731,823	291,192,590	177,899,195	199,087,237

(a) *Dividend reserve*

For the financial year ended 31 December 2014, the Directors of the Company have recommended that a final dividend be paid at 1 cent (2013: 0.80 cents) per ordinary share. An amount of $4,705,578 (2013: $3,764,460) has been appropriated from current 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 $1,868,223 (2013: $933,848) 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.

33. EMPLOYEES' BENEFITS

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Wages, salaries and bonuses	16,673,130	3,108,778	1,197,946	1,089,490
Central Provident Fund contributions	1,260,499	213,930	32,300	39,903
Other staff costs	2,038,803	123,437	15,106	2,563
Casual labour	315,040	139,785	–	–
	20,287,472	3,585,930	1,245,352	1,131,956

Employees' benefits include Directors' remuneration as disclosed in Note 7.

Performance share plan

The Company has a new share incentive scheme to replace the share option scheme that was approved by shareholders on 28 April 2004. The new plan termed as Hiap Hoe Performance Share Plan ("PSP") will allow the Company to target specific performance objectives and to provide an incentive for participants to achieve these targets. At the Extraordinary General Meeting held on 20 April 2010, the shareholders approved the plan for the granting of fully paid shares, free of charge to the plan participants.

Full time employees of the Group, controlling shareholders and their associates who have attained the age of 21 years on or before the date of award, and the directors may be awarded under PSP. The performance share is determined by Management and approved by the Remuneration Committee having regard to the performance of individuals.

For the financial year ended 31 December 2011, 177,400 shares were granted and awarded under PSP. The fair value of the share granted was based on market price upon which the share was granted. The fair value of share granted for the financial year ended 31 December 2011 was S$0.445.

There has been no cancellation or modification to the PSP in 2014 and 2013.

34. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

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

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Income				
Supply of labour to related companies	136,405	212,009	–	–
Supply of labour to Directors	686	814	–	–
Supply of labour to associate of Directors	–	1,327	–	–
Supply of labour to a company in which a Director has controlling interest	–	379	–	–
Construction income charged to joint ventures	–	12,013,448	–	–
Expenses				
Rental expense paid to a related company	36,400	127,998	–	–
Site expenses paid to related company	907,056	862,747	–	–
Supply of labour paid to related companies	1,520,042	1,705,029	–	–

(b) Compensation of key management personnel

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Short-term employee benefits	4,138,840	2,643,130	1,346,488	1,210,490
Central Provident Fund contributions	120,350	139,119	32,300	39,903
	4,259,190	2,782,249	1,378,788	1,250,393
Comprise amounts paid to:				
Directors of the Company	3,592,314	1,737,620	1,378,788	1,250,393
Other key management personnel	666,876	1,044,629	–	–
	4,259,190	2,782,249	1,378,788	1,250,393

Directors' remuneration and fees totalled $3,403,173 (2013: $1,616,620) and $188,876 (2013: $121,000) respectively.

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

35. 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	
	2014 $	2013 $
- Subcontractors' costs	77,974,079	12,299,367
- Project and construction management fees	241,619,391	51,146

(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 between 2 to 8 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

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

	Group	
	2014 $	2013 $
Not later than one year	35,288,577	11,643,012
Later than one year but not later than five years	73,876,612	41,176,568
Later than five years	3,156,273	1,714,198
	112,321,462	54,533,778

(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 34. These non-cancellable leases have remaining non-cancellable lease term between 0.75 year and 17 years, with no renewal option or escalation clauses included in the lease contract. There are no restrictions placed upon the Group and Company by entering into this contract. Operating lease payments recognised in the consolidated income statement during the year amounted to $504,639 (2013: $790,811).

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

	Group	
	2014 $	2013 $
Not later than one year	3,111,648	686,611
Later than one year but not later than five years	10,318,543	542,785
Later than 5 years	23,882,733	–
	37,312,924	1,229,396

36. LEASE OBLIGATIONS

The Group has entered into finance leases on its motor vehicles. Lease term is 1 year. Lease terms 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	Minimum lease payments 2014 $	Present value of payments 2014 $	Minimum lease payments 2013 $	Present value of payments 2013 $
Within 1 year	39,210	37,500	41,665	40,498
Total minimum lease payments	39,210	37,500	41,665	40,498
Less: amounts representing finance charges	(1,710)	–	(1,167)	–
Present value of minimum lease payments	37,500	37,500	40,498	40,498

37. CORPORATE GUARANTEES, UNSECURED

The Company has given corporate guarantees to financial institutions in connection with credit facilities of approximately $436,378,025 (2013: $385,791,215) and $Nil (2013: $175,000,000) granted to its subsidiaries and joint ventures respectively. The liabilities of the Company are limited to the outstanding principal amounts due to financial institutions of its subsidiaries and joint ventures, which are $480,811,025 (2013: $218,120,787) and $Nil (2013: $200,000,000) respectively.

38. DIVIDENDS

	Group and Company 2014 $	Group and Company 2013 $
Declared and paid during the financial year:		
Dividends on ordinary shares :		
- Interim exempt (one-tier) dividend for 2014: Nil (2013: 1.20[1] cents) per share	–	5,646,690
- Final exempt (one-tier) dividend for 2013: 0.8[2] cents (2012: 0.50[3] cents) per share	3,764,463	2,343,951
	3,764,463	7,990,641

Notes:

1. Dividends of 1.20 cents per share were paid based on 470,557,541 shares.
2. Dividends of 0.80 cents per share were paid based on 470,557,541 shares.
3. Dividends of 0.50 cents per share were paid based on 470,557,541 shares.

38. DIVIDENDS (CONT'D)

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	
	2014	2013
	$	$
Dividends on ordinary shares, subject to shareholders' approval at the AGM :		
- Final exempt (one-tier) dividend for 2014 : 1 cent (2013: 0.80 cent) per share	4,705,578	3,764,460

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include 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 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, excepts as disclosed in Interest rate risk section below.

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 (2013: 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 enters 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.

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

Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

At 31 December 2014, if SGD interest rates had been 100 (2013: 100) basis points higher with all other variables held constant, the Group profit net of tax would have been $3,832,000 (2013: $1,475,538) 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.

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.

39. 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	1 year or less $'000	1 to 5 years $'000	Total $'000
2014			
Financial assets			
Cash and short-term deposits	33,330	–	33,330
Other investments	34,300	–	34,300
Trade and other receivables	54,036	–	54,036
Other assets	20,286	42	20,328
Due from related companies (trade)	16	–	16
Total undiscounted financial assets	141,968	42	142,010
Financial liabilities			
Trade and other payables	14,347	323	14,670
Due to related companies (trade)	534	–	534
Due to a related company (non-trade)	16	–	16
Other liabilities	28,203	20,842	49,045
Medium term notes	5,579	119,763	125,342
Interest bearing loans and borrowings	192,416	273,383	465,799
Total undiscounted financial liabilities	241,095	414,311	655,406
Total net undiscounted financial liabilities	(99,127)	(414,269)	(513,396)

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

Liquidity risk (cont'd)

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

Group	1 year or less $'000	1 to 5 years $'000	Total $'000
2013			
Financial assets			
Cash and short-term deposits	115,932	–	115,932
Other investments	24,640	–	24,640
Trade and other receivables	12,202	17	12,219
Other assets	10,352	–	10,352
Due from related companies (trade)	622	–	622
Due from joint ventures (trade)	12,202	–	12,202
Due from joint ventures (non-trade)	1,951	–	1,951
Due from an associate (non-trade)	3	–	3
Total undiscounted financial assets	177,904	17	177,921
Financial liabilities			
Trade and other payables	16,278	1,946	18,224
Other liabilities	28,355	1,643	29,998
Due to related companies (trade)	346	–	346
Due to a related company (non-trade)	42,075	–	42,075
Due to joint venture (non-trade)	130	–	130
Medium term notes	5,574	124,373	129,947
Interest bearing loans and borrowings	150,193	73,914	224,107
Total undiscounted financial liabilities	242,951	201,876	444,827
Total net undiscounted financial liabilities	(65,047)	(201,859)	(266,906)

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

Liquidity risk (cont'd)

Company	1 year or less $'000	1 to 5 years $'000	Total $'000
2014			
Financial assets			
Cash and short-term deposits	2,513	–	2,513
Due from subsidiaries (trade)	1,333	–	1,333
Due from subsidiaries (non-trade)	297,997	–	297,997
Total undiscounted financial assets	301,843	–	301,843
Financial liabilities			
Trade and other payables	81	–	81
Other liabilities	2,379	–	2,379
Due to subsidiaries (non-trade)	86,893	–	86,893
Medium term notes	5,579	119,763	125,342
Total undiscounted financial liabilities	94,932	119,763	214,695
Total net undiscounted financial assets/(liabilities)	206,911	(119,763)	87,148

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

Liquidity risk (cont'd)

Company	1 year or less $'000	1 to 5 years $'000	Total $'000
2013			
Financial assets			
Cash and short-term deposits	33,342	–	33,342
Due from subsidiaries (trade)	1,139	–	1,139
Due from subsidiaries (non-trade)	267,793	–	267,793
Due from joint ventures (trade)	166	–	166
Due from joint ventures (non-trade)	1,915	–	1,915
Due from an associate (non-trade)	3	–	3
Total undiscounted financial assets	304,358	–	304,358
Financial liabilities			
Trade and other payables	101	–	101
Other liabilities	2,351	–	2,351
Due to subsidiaries (non-trade)	68,504	–	68,504
Due to a related company (non-trade)	1	–	1
Medium term notes	5,574	124,373	129,947
Total undiscounted financial liabilities	76,531	124,373	200,904
Total net undiscounted financial assets/(liabilities)	227,827	(124,373)	103,454

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, investment properties and properties held for sale.

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

Group and Company	1 year or less $'000	1 to 5 years $'000	Total $'000
2014			
Financial guarantees	266,812	169,566	436,378
Group and Company			
2013			
Financial guarantees	140,472	245,319	385,791

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

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.

Excessive risk concentration

Concentration arise 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.

Exposure to credit risk

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

- The carrying amount of each class of financial assets recognised in the balance sheets

- A nominal amount of $Nil (2013: $175,000,000) relating to a corporate guarantee provided by the Group to the banks on joint ventures' loans

- A nominal amount of $436,378,025 (2013: $385,791,215) relating to a corporate guarantee provided by the Company to banks on subsidiaries' bank loans

Information regarding credit exposure for trade and other receivables is disclosed in Note 15.

39. 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			
	2014		2013	
	$	% of total	$	% of total
By country:				
Australia	486,890	1	191,045	1
Singapore	52,184,807	99	24,452,662	99
	52,671,697	100	24,643,707	100
By industry sectors:				
Property	46,839,261	89	9,090,126	37
Construction	3,239,833	6	14,574,638	59
Rental	496,487	1	–	–
Hotel	1,808,898	3	–	–
Leisure	287,218	1	–	–
Other	–	–	978,943	4
	52,671,697	100	24,643,707	100

At the end of the reporting period, approximately 89% (2013: 37%) of the Group's trade receivables were due from sale of development properties. In 2013, approximately 59% of the Group's trade receivables were contractor fees due from its joint ventures.

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 15 (Trade and other receivables).

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

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 Pounds and Canada Dollar, Swiss Franc and Japanese Yen 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.

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.

Sensitivity analysis for equity price risk

At the end of the reporting period, if the Straits Times Index had been 2% (2013: 2%) higher/lower with all other variables held constant, the Group's profit net of tax would have been $569,372 (2013: $378,044) 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 $569,372 (2013: $378,044) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as held for trading.

40. 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.

40. 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:

	Group 2014 Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Recurring fair value measurements				
Assets				
Financial assets:				
Held for trading financial assets (Note 17)				
Quoted investments	28,458	–	–	28,458
Unquoted investments	–	5,842	–	5,842
Total held for trading financial assets	28,458	5,842	–	34,300
Derivatives (Note 19)				
Currency swaps	–	1,383	–	1,383
Total derivatives	–	1,383	–	1,383
Financial assets as at 31 December 2014	28,458	7,225	–	35,683
Non-financial assets				
Disposal group classified as held for sale*	–	–	198,375	198,375
Non-financial assets as at 31 December 2014	–	–	198,375	198,375
Liabilities				
Financial liabilities:				
Derivatives (Note 19)				
Interest rate swaps	–	(3,294)	–	(3,294)
Currency swaps	–	(934)	–	(934)
Total derivatives	–	(4,228)	–	(4,228)
Financial liabilities as at 31 December 2014	–	(4,228)	–	(4,228)

* 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 for the year.

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

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

	Group 2013 Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Recurring fair value measurements				
Assets				
Financial assets:				
Held for trading financial assets (Note 17)				
Quoted investments	20,020	–	–	20,020
Unquoted investments	–	4,620	–	4,620
Total held for trading financial assets	20,020	4,620	–	24,640
Derivatives (Note 19)				
Currency swaps	–	934	–	934
Total derivatives	–	934	–	934
Financial assets as at 31 December 2013	20,020	5,554	–	25,574
Liabilities				
Financial liabilities:				
Derivatives (Note 19)				
Interest rate swaps	–	(515)	–	(515)
Total derivatives	–	(515)	–	(515)
Financial liabilities as at 31 December 2013	–	(515)	–	(515)

(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.

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

(c) Level 2 fair value measurements (cont'd)

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

(i) Information about significant unobservable inputs

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.

(ii) 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.

40. 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:

	Group 2014 Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Asset				
Investment properties	–	–	377,275	377,275
Total	–	–	377,275	377,275
	Group 2013			
Asset				
Investment properties	–	–	186,372	186,372
Total	–	–	186,372	186,372

Determination of fair value

The fair values as disclosed in the table above are based on indicative open market value as advised by a firm of independent professional values.

(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.

41. 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 2014 and 31 December 2013.

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	
	2014 $	2013 $
Interest bearing loans and borrowings (Note 28)	577,016,790	332,919,325
Equity attributable to the owners of the Company	685,075,954	374,536,721
Debt equity ratio	84.2%	88.9%

42. 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 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 and generating rental income under the investment properties.

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

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

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

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

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

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

42. 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
Negative goodwill 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)	227,213,968	71,901,883	480,800,450	156,571,052	7,486,234	928,501,287	(497,778,753)	1,374,696,121
Segment liabilities (Note F)	25,658,690	50,654,304	209,305,152	5,346,132	1,467,330	893,276,294	(540,094,491)	645,613,411

42. SEGMENT INFORMATION (CONT'D)

2013	Development properties $	Construction $	Rental $	Hotel operations $	Leisure $	Others $	Elimination $	Consolidation $
Revenue:								
Segmental revenue								
- External sales	224,726,751	14,547,445	1,364,534	–	–	156,442	–	240,795,172
- Inter-segment sales (Note A)	–	45,508,969	–	–	–	1,127,723	(46,636,692)	–
	224,726,751	60,056,414	1,364,534	–	–	1,284,165	(46,636,692)	240,795,172
Results:								
Other income	311,621	650,053	198,175	–	–	3,682,085	(3,629,756)	1,212,178
Negative goodwill arising from acquisition	–	–	–	–	–	–	–	–
Gain on re-measurement upon business combination achieved in stages	–	–	–	–	–	–	–	–
Financial income	72,176	992	26,498	–	–	481,587	–	581,253
Financial expenses	(1,990,818)	(27,398)	(723,894)	–	–	(1,076,536)	(11,354)	(3,830,000)
Fair value (loss)/gain on held for trading investment - quoted	–	(168,491)	–	–	–	1,360,303	–	1,191,812
Fair value loss on held for trading investment - unquoted	–	(194,485)	–	–	–	–	–	(194,485)
Depreciation	–	(192,296)	(1,517,227)	–	–	(47,358)	–	(1,756,881)
Other expenses (Note B)	–	(5,202)	–	–	–	(1,500)	–	(6,702)
Share of results of joint ventures	5,637,623	–	–	–	–	–	203,836	5,841,459
Segment profit/(loss) (Note C)	103,443,770	2,898,156	(12,811,713)	–	–	2,518,226	453,514	96,501,953
Assets:								
Investment in joint venture	6,728,775	–	–	–	–	–	–	6,728,775
Additions to non-current assets (Note D)	–	848,461	167,381,037	–	–	–	–	168,229,498
Segment assets (Note E)	420,694,608	67,579,006	218,899,994	–	–	290,302,600	(170,877,887)	826,598,321
Segment liabilities (Note F)	225,671,082	38,304,235	74,275,366	–	–	117,335,965	(1,502,340)	454,084,308

42. 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, loss on property, plant and equipment written off, impairment loss on properties held for sale and impairment loss on investment properties.

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

	2014 $	2013 $
Profit /(loss) from inter-segment sales	16,454,327	(3,879,432)
Share of results of joint ventures	(1,408,412)	(203,836)
Unallocated corporate expenses	(18,764,640)	–
Other income	3,866,480	3,629,754
Depreciation	9,671,388	–
	9,819,143	(453,514)

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:

	2014 $	2013 $
Investment in subsidiaries	163,101,684	163,699,667
Deferred Tax Assets	7,178,368	356,156
Inter-segment assets	327,498,701	6,822,064
	497,778,753	170,877,887

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

	2014 $	2013 $
Other liabilities	421,976,743	1,439,514
Tax payable	24,785,503	62,826
Deferred tax liabilities	93,332,245	–
	540,094,491	1,502,340

42. 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:

	Revenues		Non-current assets	
	2014 $	2013 $	2014 $	2013 $
Australia	19,326,930	1,364,534	259,115,196	166,338,479
Singapore	117,095,552	239,430,638	804,605,597	8,311,047

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

43. DIRECTORS' REMUNERATION

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

	Company	
	2014 $	2013 $
$1,500,000 to $1,999,999	1	–
$500,000 to $999,999	1	1
$250,000 to $499,999	1	1
Below $250,000	3	4
	6	6

44. MAJOR PROPERTIES OWNED BY THE GROUP

Address	Held by	Tenure	Land area (sq. metres)	Description
Development properties				
56 Kallang Pudding Road Singapore 349328	WestBuild Construction Pte Ltd	Freehold	4,470.6	Proposed 9-storey multiple user light industrial development of 55 units
6-22 Pearl River Street, Melbourne, Victoria, Australia	Meteorite Land (Pearl River) Pty Ltd	Freehold	3,795	Proposed development of i) Two residential towers – a 43 storey and a 36 storey tower ii) 7 storey hotel with 273 rooms
Investment properties				
380 Lonsdale Street, Melbourne, Victoria, Australia	Meteorite Property (Lonsdale Street) Pty Ltd	Freehold	3,165	Mixed use commercial building comprising of a large car parking facility over 4 levels with 445 car bays, together with office accommodation and ground floor retail tenancies
206 Bourke Street, Melbourne, Victoria, Australia	Meteorite Property (Bourke Street) Pty Ltd	Freehold	3,144	Multi-level retail and commercial development with restaurant and entertainment tenancies located on level 1 and 2. Levels 3 and 4 comprises of office tenancies.
130 Stirling Street, Perth, Western Australia	Meteorite Property (Stirling Street) Pty Ltd	Freehold	5,033	7-level commercial building five levels of office, four retail tenancies to ground level, and a total of 239 parking bays
1 Claymore Drive #B1-01/40 Orchard Towers	SuperBowl Jurong Pte Ltd	Freehold	735	Retail space
1 Jalan Anak Bukit #B1-59/59A Bukit Timah Plaza	SuperBowl Jurong Pte Ltd	Leasehold	112	Recreation space

44. MAJOR PROPERTIES OWNED BY THE GROUP (CONT'D)

Address	Held by	Tenure	Land area (sq. metres)	Description
150 Orchard Road #09-01/02 Orchard Plaza	SuperBowl Jurong Pte Ltd	Leasehold	1,424	Retail space
1 Lewis Road	HH Residences Pte Ltd	Freehold	607	2 units residential flats
68 St Thomas Walk	HH Residences Pte Ltd	Freehold	2,066	5 units residential flats
35 Selegie Road #B1-04 to #B1-05 Parklane Shopping Mall	Super Funworld Pte Ltd	Leasehold	77	Retail/recreation space
35 Selegie Road #B1-06 to #B1-08 Parklane Shopping Mall	SuperBowl Jurong Pte Ltd	Leasehold	361	Retail/recreation space
35 Selegie Road #B1-09 to #B1-12 Parklane Shopping Mall	Super Funworld Pte Ltd	Leasehold	415	Retail/recreation space
35 Selegie Road #B1-14 to #B1-18 Parklane Shopping Mall	Super Funworld Pte Ltd	Leasehold	312	Retail/recreation space
35 Selegie Road #B1-20 to #B1-27 Parklane Shopping Mall	Super Funworld Pte Ltd	Leasehold	245	Retail/recreation space
35 Selegie Road #B1-28 to #B1-37 Parklane Shopping Mall	SuperBowl Jurong Pte Ltd	Leasehold	756	Retail/recreation space
35 Selegie Road #B1-38 Parklane Shopping Mall	Super Funworld Pte Ltd	Leasehold	186	Retail/recreation space

44. MAJOR PROPERTIES OWNED BY THE GROUP (CONT'D)

Address	Held by	Tenure	Land area (sq. metres)	Description
Investment properties held for sale				
35 Selegie Road #04-26/27 Parklane Shopping Mall	SuperBowl Jurong Pte Ltd	Leasehold	340	Retail space
1 Jalan Anak Bukit #01-15 Bukit Timah Plaza	Super Funworld Pte Ltd	Leasehold	458	Retail space
Property, plant and equipment				
1 Yuan Ching Road	SuperBowl Jurong Pte Ltd	Leasehold	21,754	Sports and recreation complex
Hotels / commercial properties At Zhongshan Park	HH Properties Pte Ltd	Leasehold	17,661	Two hotels, a retail mall and an office tower and a park

45. COMPARATIVE FIGURES

In the financial year ended 31 December 2013, plant and machinery which form part of investment properties amounting to $28,076,127 was presented separately in the balance sheet under property, plant and equipment.

For better presentation in 2014, these plant and machinery being an integral part of investment properties are presented together with the investment properties. Accordingly, for comparison purposes, the 2013 comparative has been similarly re-presented as the balance sheet as follows:

	Re-presented 31 December 2013 $	Previously reported 31 December 2013 $
Plant and machinery	–	28,076,127
Investment properties	28,076,127	–

A third Balance sheet as at 1 January 2013 is not required as the asset was acquired during the financial year ended 31 December 2013.

46. SUBSEQUENT EVENT

Proposed disposal of a subsidiary

The Company had on 8 December 2014 announced that the Company and its subsidiary, SuperBowl Holdings Limited, had on 8 December 2014 entered into a conditional sale and purchase agreement with Hiap Hoe Holdings Pte Ltd, the controlling shareholder of the Company, for the sale and disposal by the Company and SuperBowl Holdings 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 and the assignment of certain existing shareholders' loans to Hiap Hoe Holdings Pte Ltd, and that such transaction is an interested person transaction under Chapter 9 of the Listing Manual for which specific approval of the independent shareholders of the Company is being sought under Rule 906 of the Listing Manual, and that shareholders should refer to the Company's circular in connection therewith dated 6 March 2015 for further details. On 23 March 2015, the Company announced that the proposal disposal of Hiap Hoe SuperBowl JV Pte Ltd was duly approved and passed by the shareholders of the Company at the Extraordinary General Meeting held on 23 March 2015. This diposal was completed on 26 March 2015.

Proposed spin-off

On 29 January 2015, it was announced that the Company is proposing a spin-off of its property business in Australia, which is held under Meteorite (Australia) Pte Ltd, a wholly-owned subsidiary of the Company, to be listed on the Catalist board of the Singapore Exchange Securities Trading Limited.

Sale of Properties

On 11 February 2015, the Group completed the sale of its property situated at 35 Selegie Road #04-26 and #04-27, for a purchase consideration of $4,600,000. This property has a net book value of $3,459,323 as at 31 December 2014 and is classified under "Assets of disposal group classified as held for sale".

On 13 February 2015, the Group completed the sale of its property situated at 1 Jalan Anak Bukit #01-15 for a purchase consideration of $9,680,000. This property has a net book value of $9,663,358 as at 31 December 2014 and is classified under "Assets of disposal group classified as held for sale".

47. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on 27 March 2015.

STATISTICS OF SHAREHOLDINGS

As at 18 March 2015

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	406	14.10	14,001	0.00
100-1,000	716	24.87	382,198	0.08
1,001-10,000	964	33.48	4,449,908	0.95
10,001 - 1,000,000	768	26.68	45,516,098	9.67
1,000,001 AND ABOVE	25	0.87	420,195,336	89.30
TOTAL	2,879	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.	20,354,772	4.33
3	DBS NOMINEES (PRIVATE) LIMITED	9,487,875	2.02
4	SOON LI HENG CIVIL ENGINEERING PTE LTD	9,125,000	1.94
5	SBS NOMINEES PRIVATE LIMITED	5,800,000	1.23
6	MORPH INVESTMENTS LTD	5,491,000	1.17
7	HONG LEONG FINANCE NOMINEES PTE LTD	4,320,000	0.92
8	RAFFLES NOMINEES (PTE) LIMITED	4,282,250	0.91
9	SING INVESTMENTS & FINANCE NOMINEES (PTE.) LTD.	3,300,000	0.70
10	DB NOMINEES (SINGAPORE) PTE LTD	2,760,000	0.59
11	CITIBANK NOMINEES SINGAPORE PTE LTD	2,745,850	0.58
12	HENG SIEW ENG	2,331,000	0.50
13	TAN SIA KENG	2,286,000	0.49
14	SOON LEE HENG TRADING & TRANSPORTATION PTE LTD	2,243,750	0.48
15	PANG HENG KWEE	2,141,000	0.45
16	TEO HO BENG	2,130,750	0.45
17	HSBC (SINGAPORE) NOMINEES PTE LTD	1,923,700	0.41
18	TEO HO KANG, ROLAND	1,875,000	0.40
19	OCBC SECURITIES PRIVATE LIMITED	1,745,161	0.37
20	UOB KAY HIAN PRIVATE LIMITED	1,507,788	0.32
Total		414,544,772	88.11

The percentage of the issued shares is calculated based on the number of issued shares as at 18 March 2015, excluding any treasury shares held at that date.

29.24% 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.

Substantial Shareholders as at 18 March 2015

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	Teo Ho Kang, Roland	1,875,000	0.398	328,693,876	69.852

Note:
Messrs Teo Ho Beng and Teo Ho Kang, Roland'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, Level 2, Zhongshan Meeting Room, 16 Ah Hood Road, Singapore 329982 on Monday, 27 April 2015 at 2.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2014 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final dividend of 1.00 cent per ordinary share (tax exempt one-tier) for the year ended 31 December 2014 (FY2013: 0.80 cent per ordinary share). **(Resolution 2)**

3. To record the retirements of Mr Chan Wah Tiong and Ms Kwok Chui Lian, as Directors retiring pursuant to Article 106 of the Company's Articles of Association, who have decided not to seek for re-election.
[See Explanatory Note (i)]

4. To approve the payment of Directors' fees of S$136,000.00 for the financial year ended 31 December 2014 (FY2013: S$121,000.00). **(Resolution 3)**

5. To note that Messrs Ernst & Young LLP have expressed that they will not seek re-appointment as Auditors of the Company.
[See Explanatory Note (ii)]

6. 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:

7. **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 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 fifty per centum (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 twenty per centum (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 Articles of Association 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 (iii)] **(Resolution 4)**

8. **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 fifteen per centum (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 (iv)] **(Resolution 5)**

9. **Renewal of Shareholders' Mandate for Interested Person Transactions**

That for the purposes of Chapter 9 of the Listing Manual of the SGX-ST:

(a) approval be given for WestBuild Construction Pte. Ltd., a wholly owned subsidiary of the Company, which is an entity at risk (as defined in Chapter 9 of the Listing Manual), to enter into any of the transactions falling within the categories of interested person transactions described in paragraph 3 as set out in the Appendix to the Summary Sheet for the Proposed Renewal Shareholders' Mandate for Interested Person Transactions attached to this Annual Report 2014 (the "Appendix") with specified classes of interested persons described in paragraph 2 of the Appendix, provided that such transactions are carried out on normal commercial terms and in accordance with the review procedures of the Company for such interested person transactions;

(b) the Shareholders' Mandate 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; and

(c) authority be given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate as they may think fit.

[See Explanatory Note (v)] **(Resolution 6)**

By Order of the Board

Wong Yoen Har
Company Secretary
Singapore, 10 April 2015

Explanatory Notes:

(i) Upon the retirement of Mr Chan Wah Tiong, he will relinquish his position as Chairman of the Audit Committee and a member of the Nominating and Remuneration Committee respectively. He will also cease to be the lead independent director.

Upon the retirement of Ms Kwok Chui Lian, she will relinquish her position as Chairman of the Nominating Committee and a member of the Audit and Remuneration Committee respectively.

(ii) Messrs Ernst & Young LLP ("EY") have expressed that they would not be seeking for re-appointment as Auditors at this Annual General Meeting as the Directors of the Company are of the view that it would be timely to effect a change in Auditors for the enlarged business of the Group in the interest of good corporate governance as well as costs beneficial to the Company. Efforts are being made by the Company to appoint new auditors as soon as practicable. Further announcement would be released in due course once the proposed new appointment has been confirmed.

Pursuant to Section 205(15) of the Companies Act, Chapter 50, the resignation of EY as Auditors will only take effect upon the appointment of another Auditor at a general meeting of the Company.

(iii) The Ordinary Resolution 4, 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.

(iv) The Ordinary Resolution 5, 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 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 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.

(v) The Ordinary Resolution 6, if passed, will authorise the Interested Person Transactions as described in the Appendix and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the Shareholders' Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. 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 forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM 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 proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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.

SUMMARY SHEET FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. INTRODUCTION

We refer to the Notice of Annual General Meeting ("AGM") of Hiap Hoe Limited (the "Company") dated 10 April 2015 (the "Notice"), accompanying the Annual Report of the Company for the financial year ended 31 December 2014 (the "2014 AR"), convening the AGM of the Company which is scheduled to be held on 27 April 2015 and the Ordinary Resolution 7 in relation to the renewal of shareholders' mandate for interested person transactions under the heading "Special Business" set out in the Notice.

The purpose of this summary sheet is to provide relevant information relating to the renewal of the interested person transactions mandate to the shareholders in accordance with Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

2. RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE

2.1 Existing Interested Person Transactions Mandate

At an Extraordinary General Meeting ("EGM") of the Company held on 18 January 2007, the Company had obtained shareholders' approval for the shareholders' mandate for interested person transactions to be carried out by the Company and its subsidiaries ("Group") with SuperBowl Holdings Limited and its subsidiaries ("SuperBowl Group") and/or Hiap Hoe Holdings Pte Ltd and its subsidiaries ("Hiap Hoe Holdings Group"). The authority and limitations of the shareholders' mandate for interested person transactions were set out in the Company's circular to shareholders dated 22 December 2006. The interested person transactions mandate was renewed at the AGM of the Company held on 17 April 2014 ("2014 AGM") and will expire on the date of the forthcoming AGM to be held on 27 April 2015. Accordingly, the Company is seeking shareholders' approval for the renewal of the interested person transactions mandate at the AGM, to take effect until the conclusion of the next AGM of the Company.

2.2 Details of the Interested Persons Transactions Mandate

Details of the shareholders' mandate, including the rationale for, and the benefits to the Company, the review procedures for determining transaction prices with interested persons and other general information relating to Chapter 9 of the Listing Manual are set out in the Appendix to this summary sheet.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on the register of directors and the register of substantial shareholders, as at the Latest Practicable Date, 18 March 2015, the shareholdings of the directors and substantial shareholders in the Company are as follows:

3.1 Directors' Interest in Shares

The interests of the directors in shares as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
Directors	**Number of Shares**	**%**	**Number of Shares**	**%**
Mr Teo Ho Beng	2,130,750	0.453	328,693,876	69.852
Mr Teo Ho Kang, Roland	1,875,000	0.398	328,693,876	69.852
Mr Chan Boon Hui	93,750	0.020	-	-

Notes:

(1) Mr Teo Ho Beng and Mr Teo Ho Kang, Roland are directors of the Company. They are deemed to have shareholding interests in the Company by virtue of their 39.83% and 34.18% shareholding interests respectively in Hiap Hoe Holdings, which has a 69.852% direct shareholding interest in the Company as at the Latest Practicable Date.

(2) The shareholdings are computed based on total number of shares of 470,557,541 excluding treasury shares of 3,999,850.

3.2 Substantial Shareholder's Interest in Shares

The interests of the substantial shareholder of the Company, Hiap Hoe Holdings Pte Ltd ("Hiap Hoe Holdings") as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
Substantial Shareholder	**Number of Shares**	**%**	**Number of Shares**	**%**
Hiap Hoe Holdings Pte Ltd	328,693,876	69.852	-	-

Note:
The shareholding is computed based on total number of shares of 470,557,541 excluding treasury shares of 3,999,850.

4. APPROVAL REQUIRED

The proposed renewal of the interested person transactions mandate is subject to shareholders' approval.

5. ABSTENTIONS

Hiap Hoe Holdings, which has a direct interest in 69.852% of the issued shares excluding treasury shares, will abstain and has undertaken to ensure that its associates will abstain, from voting on Ordinary Resolution 6. Messrs Teo Ho Beng and Teo Ho Kang, Roland, being directors of Hiap Hoe Holdings and SuperBowl Holdings Limited ("SuperBowl") will also abstain from making recommendations and voting on Ordinary Resolution 7. They have also undertaken to ensure that their associates will abstain from voting on Ordinary Resolution 7.

SUMMARY SHEET FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (Cont'd)

6. STATEMENT OF THE AUDIT COMMITTEE

6.1 Interests of the Audit Committee

The Audit Committee consists of Mr Chan Wah Tiong, Mr Chan Boon Hui and Ms Kwok Chui Lian, all of whom are independent directors of the Company.

6.2 Opinion of the Audit Committee

Having considered inter alia the terms, the rationale for and the benefit of the proposed shareholders' mandate, the Audit Committee confirms that:

(a) the review procedures for determining the transaction prices have not changed since the last shareholder approval at the 2014 AGM; and

(b) the review procedures set out in paragraph 5.2 of the Appendix to this summary sheet are sufficient to ensure that the interested person transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

7. DIRECTORS' RECOMMENDATION

In relation to the proposed renewal of interested person transactions mandate, having considered inter alia the terms, the rationale and the benefits of the mandate, the independent directors are of the view that the proposed renewal of the interested person transactions mandate is in the best interest of the Company and accordingly recommend that shareholders vote in favour of Ordinary Resolution 7 to approve the proposed renewal of the interested person transactions mandate at the AGM (as set out in the Noticeof AGM).

8. DIRECTORS' RESPONSIBILITY STATEMENT

The directors collectively and individually accept full responsibility for the accuracy of the information given in this summary sheet and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this circular constitutes full and true disclosure of all material facts about the Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions, the Company and its subsidiaries, and the directors are not aware of any facts the omission of which would make any statement in this summary sheet misleading.

Where information in the summary sheet has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the circular in its proper form and context.

9. ADVICE TO SHAREHOLDERS

Shareholders who are in any doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

10. THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED DISCLAIMER

The SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this summary sheet.

THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. CHAPTER 9 OF THE LISTING MANUAL

1.1 Chapter 9 of the Listing Manual governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at-risk with the listed company's interested persons. When Chapter 9 of the Listing Manual applies to a transaction and the value of the transaction alone or on aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for that transaction.

1.2 Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated net tangible assets ("NTA")) are reached or exceeded. In particular, shareholders' approval is required for an interested person transaction of a value equal to, or which exceeds:

(a) 5% of the latest audited consolidated NTA of the listed company and its subsidiaries; or

(b) 5% of the latest audited consolidated NTA of the listed company and its subsidiaries, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year. Based on the latest audited consolidated accounts of the Group for FY2014, the consolidated NTA of the Group was S$685,075,954. In relation to the Company, for the purposes of Chapter 9 of the Listing Manual, in the current financial year, 5% of the latest audited consolidated NTA of the Group would be S$34,253,798.

1.3 Chapter 9 of the Listing Manual permits a listed company, however, to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons.

1.4 Under the Listing Manual:

(a) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual;

(b) an "**associate**" in the case of a company,

(i) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:

- his immediate family member (that is, the person's spouse, child, adopted child, step-child, sibling and parent);
- the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
- any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;

(ii) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;

(c) an "**entity at risk**" means:

(i) the listed company;

(ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

(iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and its group companies (the "listed group"), or the listed group and its interested person(s), has control over the associated company;

(d) an "**interested person**" in a case of company means a director, chief executive officer or controlling shareholder of the listed company, or an associate of any such director, chief executive officer or controlling shareholder; and

(e) an "**interested person transaction**" means a transaction between an entity at risk and an interested person.

2. CLASSES OF INTERESTED PERSONS

Hiap Hoe Holdings is the controlling shareholder of the Company. Accordingly, transactions carried out by the Group with Hiap Hoe Holdings Group are considered to be interested person transactions within the meaning of Chapter 9 of the Listing Manual.

The shareholders' mandate applies to the interested person transactions which are and/or will be carried out by WestBuild Construction Pte. Ltd. ("WestBuild") with Hiap Hoe Holdings Group. Transactions with interested persons which do not fall within the ambit of the shareholders' mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

3. NATURE OF INTERESTED PERSON TRANSACTIONS

The interested person transactions which will be covered by the shareholders' mandate are in relation to the provision of services to Hiap Hoe Holdings Group in the normal course of business of WestBuild.

These interested person transactions are recurrent transactions of revenue or trading nature in the normal course of business of WestBuild, but not in respect of the purchase or sale of assets, undertakings or businesses. For the purposes of the shareholders' mandate, the proposed interested person transactions will include:

(a) he procurement of equipment for Hiap Hoe Holdings Group including but not limited to construction and building equipment;

(b) the procurement of materials for Hiap Hoe Holdings Group including but not limited to building materials;

(c) the provision to Hiap Hoe Holdings Group of building and construction services under construction contracts; and

(d) the provision to Hiap Hoe Holdings Group of general building, construction, engineering,maintenance and technical services.

4. RATIONALE FOR AND BENEFIT OF THE SHAREHOLDERS' MANDATE

4.1 Rationale

It is envisaged that in the ordinary course of business of WestBuild, transactions between WestBuild and the interested persons of the Group are likely to occur from time to time. In view of the time-sensitive nature of commercial transactions, the shareholders' mandate will enable the Group, or any of the companies of the Group, in the ordinary course of their businesses, to enter into the categories of interested person transactions set out in paragraph 3 above with the specified classes of the Group's interested persons set out in paragraph 2 above, provided such interested person transactions are made on normal commercial terms.

In relation to the proposed interested person transactions referred to in paragraph 3 above, the consideration for the equipment, materials and/or services supplied or procured by WestBuild to the interested persons is determined based on (i) the actual costs of supply of equipment, materials and/or services by WestBuild to the interested persons, plus (ii) a fixed agreed margin of 5% for each contract. In the event that the costs of supply of equipment, materials and/or services by WestBuild to the interested persons shall increase or reduce as compared to the initial quoted costs for any reason (other than as a result of the default or breaches of WestBuild for which costs WestBuild will be responsible to bear), the consideration payable by the relevant interested persons to WestBuild shall be based on such increased or reduced actual costs, as the case may be (the "Pricing Formula").

The fixed agreed margin of 5% was adopted by WestBuild after taking into consideration various factors including the following:

(a) the range of margins typically achieved by WestBuild varies from approximately 2% to 10%, depending on the factors such as the type and size of the amount of the transaction;

(b) based on the Pricing Formula, WestBuild will be assured of a fixed margin over its actual costs of supply of equipment, materials and/or services to the interested persons; and

The procurement of substantial or material equipment, materials and/or services by WestBuild from its suppliers and/or subcontractors would generally be conducted through a competitive tender exercise.

4.2 Benefit

The renewal of the shareholders' mandate (and its subsequent renewal thereafter on an annual basis) will enhance the ability of WestBuild to pursue business opportunities in its ordinary course of business, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek shareholders' prior approval for the entry by WestBuild into such transactions. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of the general meetings on an ad hoc basis, without compromising the corporate objectives of the Group and/or adversely affecting the business opportunities available to the Group. This will also improve administrative efficiency considerably, and allow major manpower resources and time to be channeled towards attaining other corporate objectives.

5. METHODS AND PROCEDURES FOR REVIEW

5.1 Review Threshold Limits

The Company shall ensure that transactions are undertaken with interested persons on an arm's length basis and on normal commercial terms as follows:

(a) a Category 1 transaction is one with an interested person where the transaction value is below or equal to S$100,000;

(b) a Category 2 transaction is one with an interested person where the transaction value is in excess of S$100,000 up to S$1,000,000; and

(c) a Category 3 transaction is one with an interested person where the transaction value is in excess of S$1,000,000.

Category 1 transactions do not require the prior approval of the Audit Committee but shall be reviewed at its periodic meetings. Category 2 transactions do not require the prior approval of the Audit Committee but shall be notified to the Audit Committee for review within one month of the month-end of the preceding month in which transactions are entered into. The board of directors would need to seek the Audit Committee's approval first for Category 3 transactions.

In addition, any variation order in excess of 15% of the value of the original contract of value in excess of S$1,000,000 must also be reviewed and approved by the Audit Committee.

5.2 Review Procedures

(a) Audit Committee

In reviewing the interested person transactions, the Audit Committee shall ensure that the transactions with interested persons shall be based on the consideration structure described in paragraph 5.1 above, and are undertaken on an arm's length basis and on normal commercial terms, and are generally not prejudicial to the Company and its minority shareholders.

(b) Internal Review

All billings for interested person transactions and reconciliation of differences will be prepared by the accounts department of the Group. These billings and reconciliation works will have to be checked by the Group's accountant and reviewed by the financial controller of the Group. After which, a non-interested executive Director of the Company will approve all billings raised by WestBuild to Hiap Hoe Holdings Group, as the case may be.

(c) Independent Internal Audit

An internal audit will be conducted by third party independent auditors engaged by the Group on the interested person transactions. The independent internal audit plan will address the review of the interested person transactions entered into pursuant to the shareholders' mandate and ensure that the review procedures for these transactions are complied and adhered with.

5.3 Other Procedures

In addition to the review procedures set out above, the following will also be implemented:

(a) the Company will maintain a register of transactions carried out with interested persons pursuant to the shareholders' mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into);

(b) reconciliation of differences between actual invoices and progress claims and any settlement thereof will be compiled on a quarterly basis and submitted to the Audit Committee for review at its periodic meetings to ascertain that the established review procedures to monitor interested person transactions have been complied with;

(c) if during these periodic reviews by the Audit Committee, the Audit Committee is of the view that the review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Group are conducted, the Company will revert to shareholders for a fresh mandate based on new guidelines and review procedures to ensure that the interested person transactions will be on an arm's length basis and on normal commercial terms; and

(d) if a member of the Audit Committee has an interest in an interested person transaction under his review, he (and his Associates, if applicable) will abstain from any decision making in respect of that transaction and the review and approval (if any) of such transaction shall be undertaken by the remaining members of the Audit Committee.

5.4 Disclosure

Disclosure will be made in the Company's annual report of the aggregate value of the transactions conducted with interested persons pursuant to the shareholders' mandate during the course of the financial year, and in the annual reports for the subsequent financial years that the shareholders' mandate continues in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

6. VALIDITY PERIOD OF SHAREHOLDERS' MANDATE

The renewed shareholders' mandate will take effect from the passing of the resolution relating thereto, and will (unless revoked or varied by the Company in general meeting) continue in force until the next AGM of the Company. Approval from shareholders will be sought for the renewal of the shareholders' mandate at the next AGM and at each subsequent AGM of the Company, subject to satisfactory review by the Audit Committee of its continued application to the transactions with the interested persons.

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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 Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the AGM as OBSERVERS have to submit their requests through their CPF Approved Nominees so that their Agent Banks may register with the Company Secretary of Hiap Hoe Limited within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

(Please see notes overleaf before completing the 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 %**
Address		

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

Name	**NRIC/Passport Number**	**Proportion of Shareholdings %**
Address		

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies, to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on 27 April 2015 at 2.00 p.m. at Ramada Singapore At Zhongshan Park, 16 Ah Hood Road, Zhongshan Meeting 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. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	**Resolutions relating to:**	**For**	**Against**
1	Directors' Report and Audited Accounts for the year ended 31 December 2014		
2	Payment of proposed final dividend		
3	Approval of Directors' fees amounting to S$136,000.00		
4	Authority to issue new shares		
5	Authority to issue shares under the Hiap Hoe Performance Share Plan		
6	Renewal of Shareholders' Mandate for Interested Person Transactions		

* Please indicate how you wish to vote "For" or "Against" with an "X" within the box provided.
** If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ____________________ day of ____________________ 2015

Total Number of shares in:	No. of Shares
(a) CDP	
(b) Register of Members	

____
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 130A of the Companies Act (Chapter 50) of Singapore), 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 Member entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) or two (2) proxies to attend and vote on his behalf. Where a Member appoints two proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of the proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.

3. 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

4. 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 seal or under the hand of an officer or attorney duly authorised.

5. Where the instrument appointing a proxy is signed by an attorney, the letter or power of attorney or other authority, if any, or a duly certified copy thereof shall (failing previous registration with the Company), 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.

6. A corporation which is a Member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with section 179 of the Companies Act (Chapter 50) of Singapore.

General:

The sending of a Proxy Form by a Member does not preclude him from attending and voting in person at the AGM 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 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

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

CORPORATE INFORMATION

Board of Directors
Teo Ho Beng (Executive Chairman / Chief Executive Officer)
Teo Ho Kang, Roland (Managing Director)
Wun May Ling Tracy (Executive Director)
Chan Wah Tiong (Lead Independent, Non-Executive Director)
Chan Boon Hui (Independent, Non-Executive Director)
Kwok Chui Lian (Independent, Non-Executive Director)

Executive Committee
Teo Ho Beng (Chairman)
Teo Ho Kang, Roland
Wun May Ling Tracy

Audit Committee
Chan Wah Tiong (Chairman)
Chan Boon Hui
Kwok Chui Lian

Nominating Committee
Kwok Chui Lian (Chairman)
Chan Boon Hui
Chan Wah Tiong

Remuneration Committee
Chan Boon Hui (Chairman)
Chan Wah Tiong
Kwok Chui Lian

Financial Controller
Darren Yeo

Company Secretary
Wong Yoen Har

Registered Office / Business Office
18 Ah Hood Road #13-51
Hiap Hoe Building At Zhongshan Park
Singapore 329983
Tel : +65 6250 2200
Fax : +65 6808 8803
Email : hiaphoe@hiaphoe.com
www.hiaphoe.com

Share Registrar and Share Transfer Office
Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Auditors
Ernst & Young LLP
Public Accountants and
Certified Public Accountants Singapore
One Raffles Quay
North Tower Level 18
Singapore 048583

Audit Partner-In-Charge
Simon Yeo Seng Chong
Since the Financial Year ended 2014

HIAP HOE LIMITED

Company Registration No.
199400676Z

18 Ah Hood Road #13-51
Hiap Hoe Building At Zhongshan Park
Singapore 329983

Tel +65 6250 2200
Fax +65 6808 8803

www.hiaphoe.com