Hor Kew Corporation Limited

CHARTING
NEW DIRECTIONS

CONTENTS

OUR VISION & MISSION

OUR VISION

Our vision is to be a top-notched integrated building group in the region, leveraging on prefabrication technology and operational excellence to provide high value-added services to our customers.

OUR MISSION

We are fully dedicated to customers' satisfaction. We pledge ourselves to a policy of responding sensitively to our customers' progressive needs.

We commit ourselves to on-time completion of our projects, and to continuous improvement in our quality and cost effectiveness through employee re-training and effective utilisation of resources.

OUR CORE VALUES

INTEGRITY
The cornerstone of our success.

corporate, social and environmental
RESPONSIBILITY
We build for you.
We contribute to society.

quick
ADAPTATION
to changing environments
The fittest survivor is the most flexible.

continual
PERSEVERANCE
The spirit of tenacity will see us through.

CORPORATE PROFILE

HOR KEW Corporation Limited is a building construction group, providing an integrated range of construction related products and services.

The Group's origin can be traced back to 1979 when Hor Kew Private Limited became the main business vehicle.

In 1983, the Group was awarded the first main building contract. This contract, with a value of $28.5 million, was for the building of eight blocks of residential apartments.

In 1986, the Group embarked on the first property development project. Since then, the Group has completed several property development projects.

In 1990, the Group diversified its operations vertically and started the business of manufacturing and supply of prestressed and precast reinforced concrete building components as well as prefinished architectural precast components.

In 1994, the Group further enhanced its vertical integration by venturing into the manufacturing and supply of prefabricated architectural metal component business.

The Group has recently expanded its precast and prefabrication operations in Malaysia.

The vertical integration of the Group's operations continues till today, as this enhances better control over the quality and progress of building projects undertaken, thus providing high value-added services to its customers.

Over the years, the Group has successfully completed many projects, and has achieved and received numerous awards.

By leveraging on its steady track record and expertise in the construction industry, the Group has grown to become a main board public listed construction group in Singapore.

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

External headwinds and the subdued local property market have resulted in an operationally demanding 2015, which adversely affected the property development, investment and construction divisions of our business.

For the financial year (FY) ended 31 December 2015, loss after tax stood at $2.0 million. However, that was a marked improvement over FY2014, which recorded a loss after tax of $12.5 million. A remarkable performance from our precast and prefabrication division buttressed our bottom line with a 60% year-on-year jump in revenue, which reached $59.0 million after adjusting for inter-segment sales.

STREAMLINING EXPENSES

Due to better credit control and customer collection as well as other factors, the Group reduced general and administrative expenses by a considerable 19% in FY2014. In FY2015, expenses further decreased by another 2% year-on-year to $14.2 million, mainly due to moderation in the depreciation of property, plant and equipment, and further reduction in operating lease expenses.

As we persisted with a company-wide drive to rationalise work processes and raise productivity, staff cost was trimmed by 18% to $15.2 million, down from $18.5 million in FY2014.

OUTLOOK AND NEW DIRECTION

With no indication from the Government to lift or ease property cooling measures, we will remain cautious with regard to property development and investment. In view of rising construction and manpower costs, the labour-intensive, conventional construction sector continues to present a highly challenging and competitive landscape.

Hence, our strategy for 2016 is to make a bold change in direction by focusing on our precast and prefabrication business, with the aim of making it the main revenue driver. This is in line with the Government's broad push to leverage on technology to reduce costs and raise productivity. Our longstanding commitment to staff training and R&D will put us in good stead to grow and flourish in this high-technology, high-skill sector.

The road ahead looks challenging but promising. What we need to do is to continue improving and delivering value to all our clients. Rapid adaptation to changing circumstances, securing opportunities to grow and flourish, all these have been the cornerstones of our business philosophy, and will continue to guide us in this challenging period.

CONCLUSION

On behalf of the Board of Directors, I would like to thank our business partners and customers for their continued support. To our shareholders, my gratitude for your vote of confidence by staying the course with us. Lastly, to my colleagues, my heartfelt appreciation for the hard work and dedication you have put in. Let us work together for a better 2016 and more good years ahead!

Mr Dennis Aw Khoon Hwee
Executive Chairman & CEO

主席汇报

尊敬的股东，

外部不利因素和疲弱的本地楼市让好速在2015年的营业充满了挑战，对集团的房地产业务发展、投资和建筑业务都带来不利的影响。

截至2015年12月31日（2015财年）的税后亏损为200万新元。然而，这比起2014财年的1,250万新元的亏损是大有改善了。我们的预建和预制业务取得骄人的业绩，在调整业务部门之间的相关销售后，年比营收增长了60%达5,900万新元，这为我们的业务收益带来了支撑作用。

精简开支

鉴于更好的信贷管理、向客户收账以及其他因素，集团在2014财年成功的将一般业务与行政开支减少了可观的19%。在2015财年，开支进一步年比减少2%至1,420万新元，主要是因为物业，厂房及设备的折旧减少，以及经营租赁费用的进一步降低。

随着集团整体持续改善工作流程与提高生产力，员工成本减少18%至1,520万新元，比2014财年的1,850万新元更低。

展望与新方向

由于政府没有任何要解除或放松房地产降温措施的迹象，我们必须对房地产发展与投资业务继续保持谨慎的态度。在面对建筑和人力成本的上升，劳动密集型的传统建筑行业继续呈现一个具高度挑战性和竞争激烈的市场格局。

因此，我们在2016年的策略将做出大胆的改变，将专注于我们的预建和预制业务，以期将它变成我们的主要营收来源。这也符合政府积极推动利用科技来降低成本和提高生产力的大方向。我们长期致力于员工的培训与研发也让我们处于一个有利位置，能够在这个高科技、高技能的领域中稳定增长与兴旺。

我们前面的道路充满挑战也充满希望。我们需要做的是继续改进和为所有客户创造价值。灵活应对不断急速变化的环境、锁定商机，让业务蓬勃增长，这都是我们一向来经营理念的基石，至今仍继续地指引着我们。

结语

我谨代表董事会，向一如既往地支持我们的每位商业伙伴与客户致以万分谢意。对我们的股东，我要感谢你们对好速的持续信任。最后，对我们的同事，我由衷地珍惜你们辛勤的工作与奉献。让我们为共创一个更美好的2016年与未来而努力！

胡群辉先生
执行主席兼执行总裁

OPERATIONS REVIEW

FINANCIAL PERFORMANCE

Revenue of the Group increased 11% year-on-year, from $71.6 million in FY2014 to $79.5 million in FY2015, mainly due to higher revenue generated from its precast and prefabrication activities.

The Group recorded a gross profit of $9.1 million in FY2015 as compared to a gross loss of $9.2 million in FY2014. The improvement in gross margin was due to cost-cutting measures, which significantly reduced land rental and labour costs. Additionally, lower loss was provided for construction projects in FY2015.

Other income of the Group decreased 56% mainly due to: (i) no fair value gain on investment properties recognised in FY2015 (in contrast to $3.7 million recognised in FY2014); (ii) lower gain on settlement of derivative financial instruments (down from $0.8 million in FY2014 to $0.1 million in FY2015); and (iii) lower insurance compensation received (down from $1.3 million in FY2014 to $0.5 million in FY2015).

General and administrative expenses decreased marginally by 2%, from $14.6 million in FY2014 to $14.2 million in FY2015. Most expenses were maintained at the same level as FY2014.

Finance costs increased by 36%, from $1.0 million to $1.4 million, due to interest rate hikes and additional loans drawn in FY2015.

The Group recorded a loss before tax of $2.6 million in FY2015 (moderating from a loss of $15.7 million in FY2014).

The Group recognised deferred tax asset of $0.4 million in FY2015 on tax losses available to offset against potential profits in the foreseeable future, and reversed $0.2 million of deferred tax on revaluation gains on freehold and leasehold property. The Group provided tax of $0.1 million for the current and prior years. Overall, the Group had a tax credit of $0.5 million in FY2015.

Loss after tax for the Group in FY2015 was $2.0 million (moderating from a loss of $12.5 million in FY2014).

Currency translation loss arising from consolidation amounted to $3.2 million, which was however mitigated by revaluation gains on property, plant and equipment amounting to $1.5 million. Other comprehensive loss (net of tax) thus balanced out at $1.7 million.

FINANCIAL POSITION

Due to the construction of a new plant for prefabrication activities in Malaysia and recognition of revaluation gains on property, plant and equipment, non-current assets of the Group increased by $3.0 million, from $83.9 million in FY2014 to $86.9 million in FY2015. The increase was however mitigated by depreciation charge and disposal of property, plant and equipment over the year.

Current assets of the Group increased by $2.6 million, from $101.8 million in FY2014 to $104.4 million in FY2015. Trade receivables increased by $9.3 million, mainly due to increase in sales generated from precast and prefabrication activities. The increase was however partially offset by: (i) sales of completed development properties of $1.5 million; and (ii) a drop in the value of development properties due to foreign currency devaluation amounting to $2.8 million.

Non-current liabilities increased from $13.9 million in FY2014 to $28.8 million in FY2015, mainly due to refinancing arrangements to restructure previously current borrowings to non-current borrowings.

Total liabilities of the Group increased by $9.4 million in FY2015, mainly due to loans drawn down to finance the operating and investing activities of the Group.

Shareholders' equity of the Group decreased by $3.8 million, and stood at $92.8 million as at 31 December 2015. The decrease was primarily due to a total comprehensive loss of $3.8 million in FY2015.

CASH FLOWS

The Group used $0.7 million for operating activities, and expended $5.8 million in investment, mainly for the construction of its prefabrication plant in Malaysia. To finance operations and investment, the Group drew down net loans amounting $10.0 million. Net cash of the Group increased by $0.7 million and stood at $2.8 million as at 31 December 2015.

BOARD OF DIRECTORS

MR DENNIS AW KHOON HWEE
Executive Chairman And CEO

Mr Dennis Aw Khoon Hwee is the Executive Chairman and CEO. Mr Dennis Aw is responsible for the overall strategic decisions of the Group. He is also oversees the business development, corporate matters, financial planning, general management and investment decisions of the Group.

He is also a member of the Company's Nominating Committee and Remuneration Committee.

Having been with the organisation since 1983, Mr Dennis Aw has helped to propel the Group to diversified interests in construction, prefabrication and property development from its general construction origins. He continues to play a vital role in setting and achieving business growth, objectives and success for the Group with his more than 20 years of experience in the industry.

Mr Dennis Aw holds a Diploma in Building from the Singapore Polytechnic and a Bachelor of Business Administration degree from the Royal Melbourne Institute of Technology, Australia.

He was first appointed to the Board of Directors on 10 November 1999 and last re-elected on 26 April 2007.

MR BENJAMIN AW CHI-KEN
Executive Director

Mr Benjamin Aw Chi-Ken is an Executive Director and is responsible for developing and fostering the business development activities of the Group as well as prospecting new businesses by networking, developing and securing a pipeline of business opportunities for the Group.

Prior to joining the Group, Mr Benjamin Aw started his career by working in the banks as a Personal Financial Adviser and Relationship Manager with both offshore financial institutions and a local bank. In addition to his banking experience, Mr Benjamin Aw has accumulated more than 8 years of hands-on experience as a professional in mechanical and electrical elevator transportation systems and the construction industry holding various positions in regional, managerial, agencies and manufacturers roles.

Mr Benjamin Aw holds a Degree of Bachelor of Arts with First Class Honours in Accounting and Finance from University of North London, London, United Kingdom and a Degree in Masters of Science in Finance from The City University, London, United Kingdom.

Mr Benjamin Aw was first appointed to the Board of Directors on 27 February 2014 and last re-elected on 29 April 2014.

Mr Benjamin Aw will be due for re-election at the forthcoming Annual General Meeting.

MS ELICIA AW YING YING
Executive Director

Ms Elicia Aw Ying Ying is an Executive Director and is responsible for directing the day to day business operations as well as the strategic management of the Group's subsidiaries, Prefab Technology Pte Ltd, Prefab Technology 3 Pte Ltd, Prefab Technology Sdn Bhd and Prefab Metal Sdn Bhd.

Ms Elicia Aw joined the Group in 2002 as a Project Manager and in year 2011 was appointed as the General Manager of Prefab Technology Pte Ltd and Prefab Technology 3 Pte Ltd. She continues to play a pivotal role in overseeing and directing the design and manufacture of prestressed and precast reinforced concrete building components as well as the prefabricated architectural metal components.

Ms Elicia Aw holds a Degree of Bachelor of Engineering (Civil) with Honours from the National University of Singapore.

Ms Elicia Aw was first appointed to the Board of Directors on 27 February 2014 and last re-elected on 29 April 2014.

DR LOW SEOW CHAY
Non-Executive And Independent Director

Dr Low Seow Chay is a Non-Executive and Independent Director of the Company.

Dr Low is the Chairman of the Company's Audit Committee, and a member of Nominating Committee and Remuneration Committee.

Currently, he is Independent Director of CASA Holdings Ltd, LK Technology Holdings Ltd and Hai Leck Holdings Ltd. He was an Independent Director of Sun Corporation before it was taken over by Cosco Investment (Singapore) Ltd and held the office of Board member of the Housing and Development Board.

Dr Low holds a Doctorate in Mechanical Engineering from University of Manchester, United Kingdom.

He was first appointed to the Board of Directors on 3 April 2000 and last re-elected on 29 April 2015.

BOARD OF DIRECTORS

MR LEE SEN CHOON
Non-Executive And Independent Director

Mr Lee Sen Choon is a Non-Executive and Independent Director of the Company.

Mr Lee is also a member of the Company's Audit Committee, Nominating Committee and Remuneration Committee.

He is a partner of UHY Lee Seng Chan & Co and has more than 30 years of experience in the areas of accounting, auditing, taxation and corporate secretarial practices. In addition, Mr Lee is the Chairman of the Board of Directors of Singapore Chinese High School. He is also the Treasurer of the Board of Governors of Hwa Chong Institution. Mr Lee is also the Chairman of the School Advisory Committee of Xingnan Primary School. He sits on the boards of two other public listed companies as Independent Directors.

Mr Lee is a fellow member of the Institute of Chartered Accountants in England and Wales, as well as a practicing member of the Institute of Singapore Chartered Accountants.

He was first appointed to the Board of Directors on 1 January 2003 and last re-elected on 29 April 2014.

MR WILLIAM CHEW YEW MENG
Non-Executive And Independent Director

Mr William Chew Yew Meng is a Non-Executive and Independent Director of the Company.

He is a member of the Company's Audit Committee, and Chairman of the Nominating Committee and Remuneration Committee.

Mr William Chew is a Consultant in Human Capital Management and Development. He is concurrently the Executive Director of FAST, a non-profit organization providing social support, humanitarian aid and skills training for foreign domestic workers. He was a founding member of FAST and formerly its Vice President.

Mr William Chew holds a Master Degree in Mass Communication from Oklahoma City University, USA and holds a post graduate in Training and Development from ITD, UK.

He was first appointed to the Board of Directors on 3 April 2000 and last re-elected on 29 April 2014.

Mr William Chew will be due for re-election at the forthcoming Annual General Meeting.

1. **MR DENNIS AW KHOON HWEE** — Executive Chairman And CEO
2. **MR BENJAMIN AW CHI-KEN** — Executive Director
3. **MS ELICIA AW YING YING** — Executive Director
4. **DR LOW SEOW CHAY** — Non-Executive And Independent Director
5. **MR LEE SEN CHOON** — Non-Executive And Independent Director
6. **MR WILLIAM CHEW YEW MENG** — Non-Executive And Independent Director

KEY MANAGEMENT

MS NG GUEK LAN

She is the Group Financial Controller and is responsible for matters relating to the Group's accounting, tax planning, banking and financial functions.

She had worked in several listed companies, multinational corporations and has more than 20 years of experience in covering financial, management accounting, treasury and other operations assignments.

Ms Ng holds a Bachelor of Accountancy degree from National University of Singapore and she is a fellow member of the Institute of Singapore Chartered Accountants since 1990.

MS AW LAY SIM

She is the Group Human Resource Director. She oversees the human resource, administration and information technology functions of the Group as well as facility management of investment property in Singapore.

Having been with the organisation since 1984, Ms Aw has accumulated more than 30 years of hands-on experience in the building and construction industry. She plays a pivotal role in ensuring due compliance in respect of the various legal and statutory requirements relating to the employment of foreign workers in Singapore as well as other human resource, administrative, information technology and facilities management matters.

Ms Aw holds a Bachelor in Art (Economics and Geography) from the Wilfrid Laurier University, Canada.

MR STEVEN AW SOON HWEE

He is the Managing Director of Prefab Technology Pte Ltd, the Group's subsidiary engaged in the design and manufacture of prestressed and precast reinforced concrete building components.

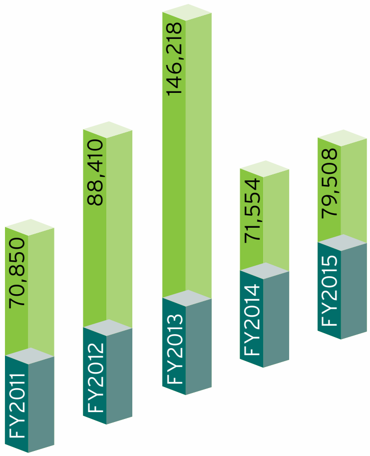
Having joined the organisation since 1983, he oversees the day-to-day operational matters of the subsidiary and is responsible for the overall strategic business decisions and development of it. Mr Steven Aw has a wealth of more than 30 years of experience in the building and construction industry and his contribution from the prefabrication division has significantly enhanced the overall objectives and goals of the Group.

SUMMARISED FINANCIAL HIGHLIGHTS

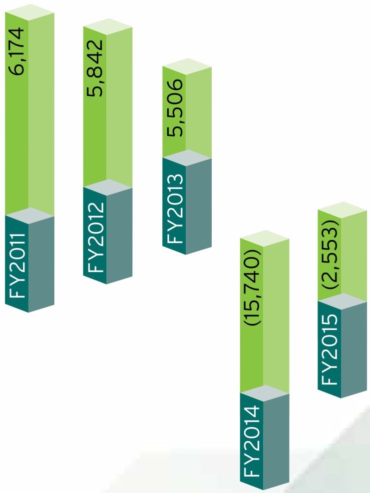
	2011 $'000 (Restated)	2012 $'000 (Restated)	2013 $'000 (Restated)	2014 $'000 (Restated)	**2015** $'000 (Restated)
Financial Performance					
Revenue	70,850	88,410	146,218	71,554	**79,508**
Profit / (Loss) before Tax	6,174	5,842	5,506	(15,740)	**(2,553)**
Profit / (Loss) Attributable to Shareholders	6,044	4,196	2,688	(12,501)	**(2,040)**
Assets and Liabilities					
Non-Current Assets	71,780	79,459	80,986	83,886	**86,912**
Net Current Assets	29,024	41,229	45,299	26,533	**34,712**
Non-Current Liabilities	(3,141)	(16,446)	(18,419)	(13,853)	**(28,818)**
Equity and Non-Controlling Interests	97,663	104,242	107,866	96,566	**92,806**
Per Share Basis					
Net Asset Per Share ($)	1.89	2.00	2.07	1.85	**1.78**
Basic Earnings / (Loss) Per Share (cents)	11.70	9.45	5.10	(24.00)	**(3.92)**

On 23 July 2015, the Company completed a share consolidation of every 15 existing issued ordinary shares into 1 consolidated ordinary share. The net asset per share and basic earnings / (loss) per share for 2011, 2012, 2013 and 2014 have been restated to reflect the share consolidation.

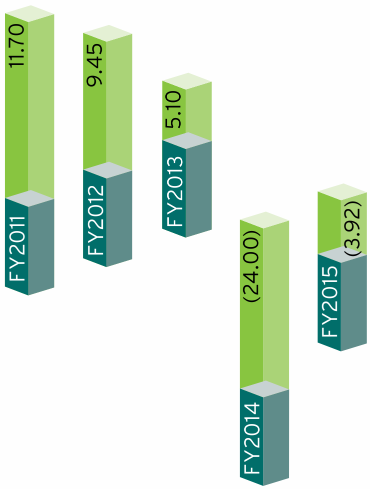
REVENUE
($'000)



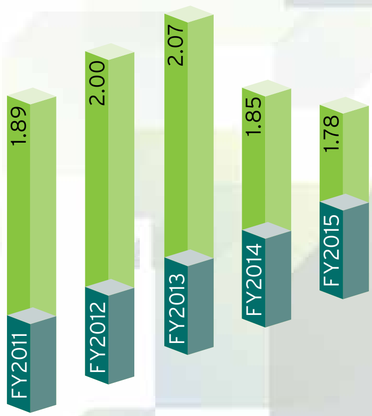
PROFIT / (LOSS) BEFORE TAX
($'000)



BASIC EARNINGS / (LOSS) PER SHARE (EPS)
(CENTS)



NET ASSETS PER SHARE
($)



CORPORATE INFORMATION

DIRECTORS

Executive

Dennis Aw Khoon Hwee
(Executive Chairman and Chief Executive Officer)

Benjamin Aw Chi-Ken

Elicia Aw Ying Ying

Non-Executive and Independent

Dr Low Seow Chay

Lee Sen Choon

William Chew Yew Meng

COMPANY SECRETARIES

Koh Ee Koon
Judy Koh Geok Hoon

REGISTERED OFFICE

66 Kallang Pudding Road #07-01
Hor Kew Business Centre
Singapore 349324

REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

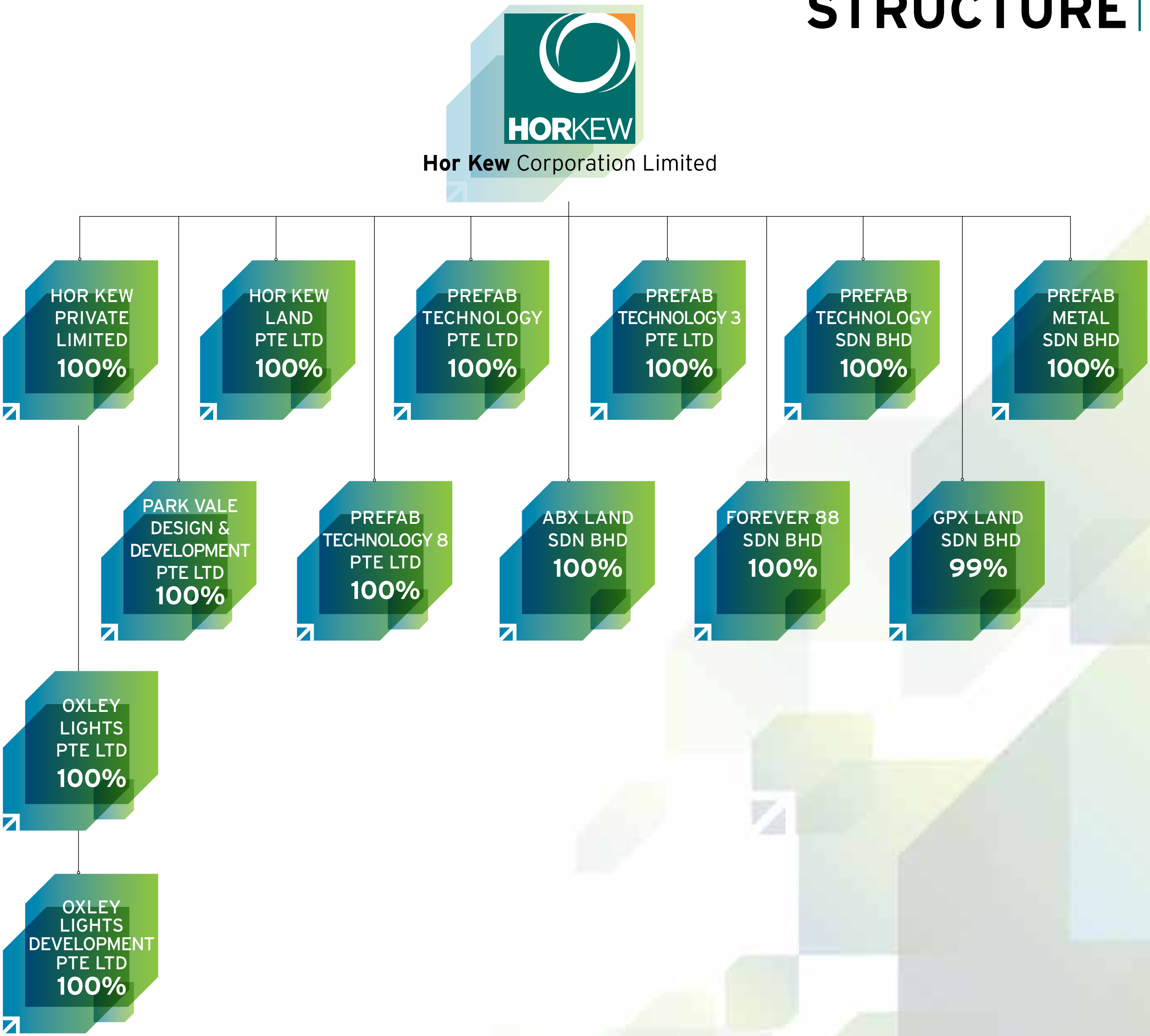
INDEPENDENT AUDITOR

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778
Partner-in-charge: Lim Kok Heng
(appointed since financial year ended
31 December 2014)

BANKERS

United Overseas Bank Limited
DBS Bank Limited

CORPORATE STRUCTURE



CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of Hor Kew Corporation Limited (the "Company") and its subsidiary companies (collectively, the "Group") are committed to maintaining a high standard of corporate governance which is essential to the long term sustainability of the Group's business and performance.

This report outlines the Group's corporate governance structures and practices that were in place throughout the financial year ended 31 December 2015, with specific reference to the principles and guidelines of the Code of Corporate Governance 2012 (the "Code") issued in May 2012, which forms part of the continuing obligations of the Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Board is pleased to confirm that for the financial year ended 31 December 2015, the Company has generally adhered to the principles and guidelines as outlined in the Code and where there are deviations from the Code, the reasons for the deviations are explained accordingly.

A. BOARD MATTERS

The Board's Conduct of Affairs

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

The primary function of the Board is to protect and enhance long term value and returns for its shareholders. Besides carrying out its statutory responsibilities, the Board's role is to:

- guide the formulation of the Group's overall long-term strategic plans and performance objectives as well as operational initiatives;
- establish and oversee the processes of evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- review and approve annual budgets, major funding proposals, investment and divestment proposals;
- monitor the performance of the management;
- set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and duly met;
- consider sustainability issues such as environmental factors; and
- assume responsibility for corporate governance.

CORPORATE GOVERNANCE REPORT

To assist in the execution of its responsibilities, the Board has established three Board committees, namely Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") with clearly defined terms of reference. These terms of reference are reviewed on a regular basis, along with the committee structures and membership, to ensure their continued relevance.

The Board met four times during the financial year to discuss key activities and business strategies, review the operations and performance, as well as address key policy matters of the Group. All Directors were furnished with relevant information beforehand in order to enable them to obtain further explanations where necessary, and be adequately briefed prior to the respective meetings. Minutes of the meetings are also available to the respective Board members. In addition, ad-hoc and non-scheduled meetings are convened by Board members to deliberate on urgent and substantive matters. The Company's Articles of Association allows for telephone, audio and video conferencing, or other electronic means of communication to facilitate meetings of the Board.

Details of Directors' attendance at Board and Board Committee meetings held during the financial year ended 31 December 2015 are summarised as follows:

ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

	Board	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
Number of Meetings Held	4	4	1	1
Name of Director	ATTENDANCE			
Dennis Aw Khoon Hwee	4	NA	1	1
Benjamin Aw Chi-Ken	4	NA	NA	NA
Elicia Aw Ying Ying	4	NA	NA	NA
Dr Low Seow Chay	4	4	1	1
Lee Sen Choon	4	4	1	1
William Chew Yew Meng	4	4	1	1

Matters that are specifically reserved to the Board for approval are:

(a) financial results announcements, annual financial statements and report;

(b) material acquisition and disposals of assets;

(c) major investment and funding decisions;

CORPORATE GOVERNANCE REPORT

(d) share issuances, dividends and other distributions to shareholders;

(e) convening shareholders' meetings;

(f) capital expenditure exceeding a prescribed limit; and

(g) interested person transactions of a material nature.

All Directors are appointed to the Board by way of a formal letter of appointment indicating the amount of time commitment required and scope of duties and responsibilities.

The Directors bring with them considerable experience in the fields of engineering, finance, law and business. They have separate and independent access to the management and the Company Secretary, whose role includes assisting with the Board procedures and ensuring that applicable rules and regulations are complied with.

Newly appointed Directors are provided with background information about the Company and the Group and are invited to visit the Group's operations and facilities to have an understanding of the Group's business operations.

Board members are encouraged to attend seminars and receive training to improve themselves in the discharge of their duties as Directors. In addition, the Company works closely with professionals to apprise Directors with updates on risk management and key changes to relevant regulatory requirements and accounting standards.

BOARD COMPOSITION AND GUIDANCE

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

The Board has seven members with more than one-third independent element, comprising three Independent and Non-Executive Directors, and three Executive Directors as follows:

Dennis Aw Khoon Hwee	(Executive Chairman and CEO)
Benjamin Aw Chi-Ken	(Executive Director)
Elicia Aw Ying Ying	(Executive Director)
Dr Low Seow Chay	(Independent and Non-Executive Director)
Lee Sen Choon	(Independent and Non-Executive Director)
William Chew Yew Meng	(Independent and Non-Executive Director)

CORPORATE GOVERNANCE REPORT

Each Director has been appointed on the strength of his calibre, experience, grasp of corporate strategy and potential to contribute to the Company and its businesses. As each of the Directors brings valuable insights from different perspectives vital to the strategic interests of the Company, the Board considers that its Directors possess the necessary competencies to provide management with a diverse and objective perspective on issues so as to lead and govern the Company effectively.

The Board recognises that Independent Directors may over time develop significant insights in the Group's business and operations, and can continue to provide noteworthy and valuable contribution to the Board.

The independence of the Independent Directors must be based on the substance of their professionalism, integrity, and objectivity, and not merely based on form; such as the number of years which they have served on the Board.

Currently, Dr Low Seow Chay, Mr Lee Sen Choon and Mr William Chew Yew Meng have served on the Board for more than nine years from the date of their first appointment.

The Board has subjected their independence to a particularly rigorous review.

The Board is of the view that Dr Low Seow Chay, Mr Lee Sen Choon and Mr William Chew Yew Meng have demonstrated strong independent character and judgment over the years in discharging their duties and responsibilities as Independent Directors of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders. They have expressed individual viewpoints, debated issues and objectively scrutinized and challenged Management. They have sought clarification and amplification as they deemed necessary, including through direct access to the Management.

Taking into account the above, and also having weighed the need for the Board's refreshment against tenure for relative benefit, the Board has resolved that Dr Low Seow Chay, Mr Lee Sen Choon and Mr William Chew Yew Meng continue to be considered Independent Directors, notwithstanding they have served on the Board for more than nine years from the date of their first appointment.

The Board is aware of the recommendation of the Code that in the event of the Chairman of the Board and the CEO being the same person, the Independent Directors should make up at least half of the Board. Nonetheless, the Board is of the view that the current size of the Board is appropriate, taking into account the nature and scope of the operations and current financial position of the Group.

Once a year, a formal session is arranged for the Non-Executive Directors (NEDs) to meet without the presence of Management or Executive Directors to review any matters that might be raised privately.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer ("CEO")

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

The Board is of the view that, based on the Group's current size and operations, it is in the best interests of the Group to adopt a single leadership structure, whereby the Chairman and CEO (or equivalent) is the same person, so as to ensure that the decision-making process of the Group would not be unnecessarily hindered.

All major proposals and decisions made by the Executive Chairman and CEO are discussed and reviewed by the AC. His performance and appointment to the Board is reviewed periodically by the NC and his remuneration package is reviewed periodically by the RC. As the AC consists of all independent directors and majority of the NC and RC members are independent directors, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in a single individual.

Board Membership and Board Performance

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

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

The NC comprises the three Independent and Non-Executive Directors and the CEO who have been tasked with the authority and responsibility to devise an appropriate process to review and evaluate the performance of the Board as a whole as well as each Director on the Board. The chairman of the NC is an independent and Non-Executive Director, and is not a substantial shareholder or directly or indirectly, associated with a substantial shareholder:

William Chew Yew Meng (Chairman)
Dennis Aw Khoon Hwee
Dr Low Seow Chay
Lee Sen Choon

At least one-third of the Board shall retire from office by rotation and be subject to re-election at every annual general meeting of the Company, and the primary responsibilities of the NC are:

1. To make recommendations to the Board on the appointment of new Executive and Non-Executive Directors, including making recommendations on the composition of the Board generally and the balance between Executive and Non-Executive Directors appointed to the Board, as well as ensuring that there are procedures in place for the selection and appointment of Directors.

CORPORATE GOVERNANCE REPORT

2. To regularly review the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary.

3. To be responsible for assessing nominees or candidates for appointment or election to the Board, determining whether or not such nominees have the requisite qualifications and whether or not they are independent.

4. To determine, on an annual basis, if a Director is independent. If the NC determines that a Director, who has one or more of the relationships mentioned under the Code is in fact independent, the NC would disclose in full, the nature of the Director's relationship and bear responsibility for explaining why he should be considered independent.

5. To recommend Directors who are retiring by rotation to be nominated for re-election.

6. To decide whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple board representations.

7. To be responsible for assessing the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board.

With the Board's approval, the NC has decided for the financial year under review on how the Board's performance is to be evaluated as a whole, and proposed objective performance criteria including Board composition, size and expertise, Board information and timeliness, as well as Board commitment and accountability. In assessing each Director's performance and contribution to the effectiveness of the Board, the NC takes into consideration factors such as attendance, preparedness, participation and candour.

All Directors are required to declare their board representations. The NC has reviewed the contribution by each Director taking into consideration the Director's number of listed board representations and other principal commitments. The NC and the Board are of the view that, setting maximum number of listed company board representation of a Director may hold is not meaningful, as long as the Director is able to devote sufficient time and attention to the Company's affairs. As such, the Board does not propose the maximum number of listed company board representations which Directors may hold until such need arises. Notwithstanding the number of listed company board representations and other principal commitments some of the Directors are holding, the NC considers the conduct of meeting, the decision making process, attendance and participation of each board member to be satisfactory.

The NC met once during the financial year under review on 26 February 2015. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his own performance or re-nomination as a Director. Details of Board members' qualifications and experience including the year of initial appointment and last re-election, are presented in this Annual Report under the heading "Board of Directors".

CORPORATE GOVERNANCE REPORT

Access to Information

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

The Board receives complete and adequate information on an on-going basis. Management provides the Executive Chairman and CEO with monthly management accounts and the rest of the Board members with quarterly management accounts. The agenda for Board meetings is prepared in consultation with the Executive Chairman and CEO and is circulated one week in advance of each meeting to Board members.

Management personnel who can provide additional insight into the matters at hand are invited to be present at the relevant time during a Board meeting. Furthermore, the Board has separate and independent access to the Company Secretary and senior executives, and there is no restriction of access to the senior management team of the Company or the Group at all times in carrying out its duties. Non-Executive Directors have also been invited to various functions whereby they may be informally introduced to officers of the Group.

The Company Secretary attends all formal Board meetings and ensures that Board procedures are followed, and that all applicable rules and regulations are complied with.

Where decisions to be taken by the Board require specialised knowledge or expert opinion, the Board takes independent professional advice as and when necessary to enable it or the Independent Directors to discharge their responsibilities effectively.

B. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: *There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.*

The RC ensures that there is a formal and transparent procedure for fixing the remuneration packages of individual Directors and senior executives. It comprises the three Independent and Non-Executive Directors and the Executive Chairman and CEO. The chairman of the RC is an Independent and Non-Executive Director:

William Chew Yew Meng (Chairman)
Dennis Aw Khoon Hwee
Dr Low Seow Chay
Lee Sen Choon

CORPORATE GOVERNANCE REPORT

The overriding principle is that no Director should be involved in deciding his own remuneration. The RC has adopted written terms of reference that define its membership, roles, functions and administration.

The primary responsibilities of the RC are as follows:

1. To review and recommend to the Board in consultation with the Chairman of the Board, a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the Executive Directors and senior executives (those reporting directly to the Executive Chairman or CEO) and those employees related to the Executive Directors and substantial shareholders of the Company.
2. To review and recommend to the Board in consultation with the Chairman of the Board, any long term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith.
3. To administer the Group's employees' share option schemes and shall have all the powers as set out in the rules of the schemes, known as the Hor Kew Share Option Scheme and the Hor Kew Performance Share Plan.
4. To carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time.
5. As part of its review, the RC shall ensure that:
   (i) all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind should be covered.
   (ii) the remuneration packages should be comparable within the industry and comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual Executive Directors' and senior executives' performance.
   (iii) the remuneration packages of employees related to Executive Directors and substantial shareholders are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.

Level and Mix of Remuneration

Principle 8: *The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.*

The Group advocates a performance based remuneration system for Executive Directors and key executives that is flexible and responsive to the market, comprising a base salary and other fixed allowances, as well as variable performance bonus and participation in Hor Kew Share Option Scheme and Hor Kew Performance Share Plan based on the Group's performance and linking it to the individual's performance.

CORPORATE GOVERNANCE REPORT

In determining such remuneration packages, the RC will ensure that they are adequate by considering, in consultation with the Executive Chairman or CEO, amongst other things, the respective individuals' responsibilities, skills, expertise and contribution to the Group's performance, and whether they are competitive and sufficient to ensure that the Group is able to attract and retain the best available executive talent, meanwhile keeping tabs that they are not excessive.

The RC has adopted a framework which consists of a base fee to remunerate Non-Executive Directors based on their appointments and roles in the respective Committees, as well as the fees paid in comparable companies. Fees for the Non-Executive Directors will be tabled at the forthcoming Annual General Meeting to be held on 28 April 2016 (the "AGM") for shareholders' approval.

The RC has reviewed the terms and conditions of all service agreements and recommended to the Board any changes to such terms and conditions at the expiry of such service agreements. All recommendations by the RC are submitted for endorsement by the full Board. The Company confirms that there is no onerous removal clause in any of the service agreements.

Disclosure on Remuneration

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

A breakdown showing the level and mix of each Director's remuneration for the financial year ended 31 December 2015 is set out below:

REMUNERATION BANDS OF DIRECTORS AND TOP EXECUTIVES

Name of Director	*Salary* [(1)] *%*	*Bonus/ Profit-sharing %*	*Director Fee* [(2)] *%*	*Total %*
$750,000 to below $1,000,000				
Dennis Aw Khoon Hwee	82	18	–	100
$500,000 to below $750,000				
Elicia Aw Ying Ying	38	62	–	100
Below $250,000				
Benjamin Aw Chi-Ken	95	5	–	100
Dr Low Seow Chay	–	–	100	100
Lee Sen Choon	–	–	100	100
William Chew Yew Meng	–	–	100	100

CORPORATE GOVERNANCE REPORT

The Board is aware of the recommendation of the Code that the Company should fully disclose the remuneration of each individual director and the CEO on a named basis. However, the Company does not believe it is in its interest to disclose such details having regard to the highly competitive human resource environment and the confidential nature of remuneration matters.

The Board is of the view that the information disclosed in the Annual Report would be sufficient for the shareholders to have an adequate understanding of the Company's remuneration policies and practices.

Name of top Executive (who is not a Director)	*Salary [1] %*	*Bonus/ Profit-sharing %*	*Total %*
$250,000 to below $300,000 Steven Aw Soon Hwee [3]	62	38	100
$200,000 to below $250,000 Aw Lay Sim [3]	86	14	100
$150,000 to below $200,000 Ng Guek Lan	93	7	100

Notes:
(1) Salary is inclusive of allowances, Central Provident Fund contribution and benefits-in-kind.
(2) Directors' fees are only payable after approval by shareholders at the forthcoming Annual General Meeting.
(3) Steven Aw Soon Hwee and Aw Lay Sim are the siblings of Dennis Aw Khoon Hwee.

The aggregate remuneration paid to the top three Key Management Personnel of the Group amounted to $625,000 for the financial year ended 31 December 2015.

The Board is aware of the recommendation of the Code that the Company should report to the shareholders each year on the remuneration of at least the top five key management personnel (who are not also directors or the CEO). However, the Group's key management team comprises of Executive Directors and three key management personnel. The Board is of the view that the current size of the key management team is appropriate, taking into account the nature and scope of the operations and current financial position of the Group.

No other employee, other than Steven Aw Soon Hwee and Aw Lay Sim, whose remuneration exceeded $50,000 during the financial year is an immediate family of any of the members of the Board or substantial shareholders.

CORPORATE GOVERNANCE REPORT

C. ACCOUNTABILITY AND AUDIT

Accountability

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

For all announcements (including financial performance reporting) released to the public via SGXNET and the annual report or circulars to shareholders, as required by the SGX-ST, the Board has a responsibility to present a fair assessment of the Group's position, including the prospects of the Group.

To enable effective monitoring and decision-making by the Board, Management provides the Board with a continual flow of relevant information on a timely basis as well as quarterly management accounts of the Group. Particularly, prior to the release of quarterly and full year results to the public, Management will present the Group's financial performance together with explanatory details of its operations to the AC, which will review and recommend the same to the Board for approval and authorisation for the release of the financial results.

Risk Management and Internal Controls

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

The Group has established a Risk Assessment Framework for the identification of key risks within the Group's business, namely Business and Strategic Risks, Financial Risks and Operational Risks.

The Group recognises risk management as a collective effort beginning with the individual subsidiaries and business units, followed by the operating segments and ultimately the Management and the Board, working as a team. A self-assessment process, conducted regularly by the Management, was introduced to ensure that the Group's risk management controls are satisfactory.

Minimum acceptable controls have been implemented to enhance the Group's internal control function in areas such as finance, operations and compliance. The internal control measures aim to ensure that the Group's assets are safeguarded, proper accounting records are maintained, and that financial information used within the business and for publication is reliable.

CORPORATE GOVERNANCE REPORT

The risk management system has been integrated throughout the Group and has become an essential part of its business planning and monitoring process. On an annual basis, the Management reports to the Board on the Group's risk profile, evaluates results and counter-measures to mitigate or transfer identified potential risks so as to ensure that the process is operating effectively as planned.

The Board has received written assurance from the CEO and the Group Financial Controller ("GFC") that:

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) an effective risk management and internal control system has been put in place.

Based on the framework of risk management controls and internal controls established and maintained by the Group, the work performed by the Management and the review undertaken by the independent auditors as part of their statutory audit, the written assurance from the CEO and GFC that the financial records have been properly maintained, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems in place were adequate to address financial, operational, compliance and information technology controls risks which the Group considers relevant and material to its operations.

Audit Committee

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

The role of the AC is to assist the Board in the execution of its corporate governance responsibilities within the established Board's references and requirements. The financial statements, accounting policies and system of internal accounting controls are responsibilities that fall under the ambit of the AC. The AC has its set of written terms of reference defining its scope of authority and its major functions.

The AC comprises three members who are all Non-Executive and Independent Directors:

Dr Low Seow Chay (Chairman)
Lee Sen Choon
William Chew Yew Meng

The members of the AC collectively have expertise or experience in financial management, and are qualified to discharge the AC's responsibilities.

CORPORATE GOVERNANCE REPORT

In performing its functions, the AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation from the management, and has been given full discretion to invite any Director or executive officer to attend its meetings, as well as reasonable resources to enable it to discharge its functions properly.

The main functions of the AC are as follows:

1. Reviews the audit plan of the independent auditor of the Company and the co-operation given by the management to the independent auditor;
2. Reviews the quarterly, half-yearly and full-year announcements on the financial performance and financial position of the Group and the Company before their submission to the Board;
3. Reviews the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company and independent auditor's report on those financial statements before their submission to the Board of Directors of the Company;
4. Reviews the effectiveness of the Group's material internal controls, including financial, operational and compliance controls and risk management;
5. Meets with the independent auditor, other committees and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
6. Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes, and any reports received from regulators;
7. Reviews the cost effectiveness and the independence and objectivity of the independent auditor;
8. Reviews the nature and extent of non-audit services, if any, provided by the independent auditor;
9. Recommends to the Board of Directors the independent auditor to be nominated, approves the compensation of the independent auditor, and reviews the scope and results of the audit;
10. Reports actions and minutes of the AC to the Board with such recommendations as AC considers appropriate; and
11. Reviews interested person transactions in accordance with the requirements of the SGX-ST Listing Manual.

The AC has the expressed power to conduct or authorise investigations into any matters within its terms of reference. Minutes of the AC meetings are regularly submitted to the Board for its information and review.

The AC convened four meetings during the financial year. The AC meets with the independent auditor, without the presence of the Company's management, at least once a year.

CORPORATE GOVERNANCE REPORT

The Group has complied with Rule 712 and Rules 715 of the SGX-ST Listing Manual in relation to its independent auditor.

The Company's independent auditor, Baker Tilly TFW LLP ("Baker Tilly"), carry out, in the course of their statutory audit annually to the extent of their scope as laid out in their audit plan. Internal control weaknesses noted during their audit, and their recommendations, are reported to the AC.

The management will follow up on the independent auditor's recommendations as part of its role in the review of the Group's internal control systems.

The AC has reviewed all non-audit services provided by the independent auditor and is satisfied that they would not affect the independence and objectivity of the independent auditor.

For the financial year ended 31 December 2015, remuneration paid or payable to Baker Tilly in relation to audit and non-audit services are detailed as below:–

	2015 $'000	2014 $'000
Fee for audit services	**112**	155
Fee for non-audit services	**–**	1

The Company has implemented a whistle blowing policy which provides the mechanism by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

Internal Audit

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

The AC and the Board have evaluated the merits of setting up an internal audit function during the financial year, having regard to the scope and nature of the Group's operations and cost-effectiveness of operating such a function, and are of the opinion that the existing system of internal controls in place are adequate to mitigate normal operational risks. Accordingly, no formal internal audit function has been set up during the financial year.

Nonetheless, the AC and the Board recognise the importance of the internal audit function and will continue to review the necessity of setting up such a function in the near future.

CORPORATE GOVERNANCE REPORT

D. SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Shareholder Rights

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

The Group's corporate governance practices promote the fair and equitable treatment of all shareholders. To facilitate shareholders ownership rights, the Group ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET, especially information pertaining to the Group's business development and financial performance which could have a material impact on the share price of the Company, so as to enable shareholders to make informed decision in respect of their investment in the Company.

Any notice of a general meeting of shareholders is issued at least 14 days before the scheduled date of such meeting. At the general meetings, shareholders are given the opportunity to voice their views, raise their concerns with the Directors or question the Management on matters relating to the Group and its operations.

Communication with Shareholders

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

The Company maintains full and adequate disclosure, in a timely manner, of material events and matters concerning its businesses through SGXNET, public announcements, circulars to shareholders and annual reports.

The Company does not practise selective disclosure of material information. Quarterly, half yearly and full year financial results and price sensitive information is disclosed in an accurate and comprehensive manner through SGXNET on a timely basis.

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 requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Notwithstanding the foregoing, any pay-out of dividends would be clearly communicated to shareholders via announcements released on SGXNET.

CORPORATE GOVERNANCE REPORT

Conduct of Shareholder Meetings

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

To facilitate participation by shareholders, all general meetings of the Company are held in Singapore. Shareholders have the opportunity to participate effectively in and to vote at general meetings of shareholders. Shareholders are informed of the rules, including voting procedures that govern general meetings of shareholders. The Company's Articles of Association provides that shareholders of the Company are allowed to vote in person or by way of duly appointed proxies.

All Directors are required to attend general meetings of shareholders and the Chairman of the Board and the respective chairman of the AC, NC and RC are usually present and available to address shareholders' queries at these meetings.

The Company's independent auditor will be present at the AGMs to address shareholders' queries about the conduct of the audit and the preparation and content of the auditor's report.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and the Management, and such minutes are available to shareholders upon their request.

E. OTHER CORPORATE GOVERNANCE MATTERS

Dealing in Securities

The Company has adopted an internal code based on Rule 1207 (19) of the SGX-ST Listing Manual in relation to dealings in the securities of the Company.

Pursuant to the internal code, Directors and officers of the Company are prohibited from dealing in the Company's securities during the period commencing one month before the announcement of the Company's full-year results and two weeks before the announcement of the quarterly results and at any time when in possession of any unpublished material price sensitive information. It has been highlighted that Directors and officers are expected to observe insider trading laws at all times. They are also advised not to deal in the Company's securities on short-term considerations.

CORPORATE GOVERNANCE REPORT

Interested Person Transactions ("IPT")

As a listed company on the Singapore Exchange, the Company is required to comply with Chapter 9 of the Singapore Exchange Listing Manual on interested person transactions. To ensure compliance with Chapter 9, the AC, as well as the Board, meets quarterly to review if the Company will be entering into any interested person transaction. If the Company is intending to enter into an interested person transaction, the AC and the Board will ensure that the transaction are carried out based on normal commercial terms and will not be prejudicial to the interest of the Company.

The Group does not have a general mandate from shareholders for IPT pursuant to Rule 920 of the Listing Manual of the SGX-ST.

When a potential conflict of interest arises, the director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

The AC has reviewed the IPTs entered into during the financial year ended 31 December 2015 by the Group and the aggregate values of IPT conducted during the financial year under review are as follows:–

Name of interested person	Aggregate value of all interested person transactions during the financial year 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 shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Purchases from Wallbox Pte Ltd	$100,000	NIL
Purchases from Triton Metal Supplies Pte Ltd	$800,000	NIL

Material Contracts

Except as disclosed in the IPT section above, there were no material contracts entered into between the Company and any of its subsidiary companies involving the interests of the Chief Executive Officer, any Director or substantial shareholder during the financial year ended 31 December 2015.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The directors hereby present their statement to the members together with the audited consolidated financial statements of Hor Kew Corporation Limited (the "Company") and its subsidiary companies (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2015.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company set out on pages 43 to 136 are properly drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2015, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards; and

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

Directors

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

Dennis Aw Khoon Hwee (Executive Chairman and Chief Executive Officer)
Benjamin Aw Chi-Ken
Elicia Aw Ying Ying
Dr Low Seow Chay
Lee Sen Choon
William Chew Yew Meng

Arrangements to enable directors to acquire benefits

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

DIRECTORS' STATEMENT

Directors' interests in shares or debentures

The following directors of the Company, 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 Act, an interest in shares, share options, warrants and debentures of the Company and related corporations, as stated below:

Name of directors and companies in which interest are held	Shareholdings registered in the name of director			Shareholdings in which the director is deemed to have an interest		
	At 1.1.2015	At 31.12.2015*	At 21.1.2016*	At 1.1.2015	At 31.12.2015*	At 21.1.2016*
The Company						
(Ordinary shares)						
Dennis Aw Khoon Hwee	50,747,185	3,383,145	3,383,145	256,407,320	17,093,821	17,093,821
Benjamin Aw Chi-Ken	2,087,000	139,133	139,133	–	–	–
Elicia Aw Ying Ying	3,802,991	253,532	253,532	–	–	–
Dr Low Seow Chay	62,500	4,166	4,166	–	–	–

* On 23 July 2015, the Company completed a share consolidation of every 15 existing issued ordinary shares into 1 consolidated ordinary share ("share consolidation"). The number of ordinary shares at 31 December 2015 and 21 January 2016 respectively have been adjusted for the share consolidation.

Subsidiary corporation						
GPX Land Sdn. Bhd.						
(Ordinary shares)						
Dennis Aw Khoon Hwee	–	–	–	499,960	499,960	499,960

By virtue of Section 7 of the Act, the director, Dennis Aw Khoon Hwee is deemed to have an interest in the shares held by the Company in all of its wholly-owned subsidiary corporations.

Except as disclosed in this statement, no director of the Company who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company or related corporations, either at the beginning or at the end of the financial year.

DIRECTORS' STATEMENT

Share options

At an Extraordinary General Meeting held on 26 April 2006, shareholders approved the Hor Kew Share Option Scheme ("HKSOS") and the Hor Kew Performance Share Plan ("HKPSP") (collectively known as "Hor Kew Share Option Plans") for the granting of non-transferable share options that are settled by physical delivery of the ordinary shares of the Company, to eligible employees and senior executives respectively. The total share options authorised for issue under the Hor Kew Share Option Plans was 85,172,196 ordinary shares, before adjusted for the share consolidation.

The Remuneration Committee administers the Hor Kew Share Option Plans, comprises four directors, Dr Low Seow Chay, Dennis Aw Khoon Hwee, Lee Sen Choon and William Chew Yew Meng.

The exercise price of the share options granted is determined by the Remuneration Committee, taking into account the average market price over three consecutive trading days preceding the date of grant. These share options vest over a period of two, three and four years in accordance with a vesting schedule and are exercisable after their respective vesting period up to the date of expiration of the share options. The share options have a validity period of ten years from the date of grant, unless they have been forfeited or have lapsed prior to that date.

The Hor Kew Share Option Plans became operative upon the Company granting share options to subscribe for 21,293,000 ordinary shares on 11 May 2006 and 3,652,500 ordinary shares on 8 July 2006 (collectively, "2006 Options"). The Company also granted share options to subscribe for 493,000 ordinary shares on 22 August 2007 ("2007 Options"). Particulars of the 2006 Options and 2007 Options were set out in the Directors' Report for the financial years ended 31 December 2006 and 31 December 2007 respectively. The share options have been adjusted for subsequently upon share consolidation of every existing 15 share options into 1 share option on 23 July 2015.

During the financial year, no ordinary share was issued through the exercise of share options from the Hor Kew Share Option Plans. The Company did not grant new share options and 10,000 share options lapsed during the financial year. As at 31 December 2015, a total of 14,465 share options representing approximately 0.03% of the existing issued share capital remained outstanding.

DIRECTORS' STATEMENT

Share options (cont'd)

Details of all the share options to subscribe for ordinary shares of the Company pursuant to the Hor Kew Share Option Plans that are outstanding as at 31 December 2015 are as follows:

Date of grant of share options	Exercise price per share	Share options outstanding at 1.1.2015	Share consolidation	Share options exercised	Share options lapsed	Share options outstanding at 31.12.2015	Expiry date
8 July 2006	$0.495	285,000	(266,000)	–	(8,334)	10,666	7 July 2016
22 August 2007	$2.550	82,000	(76,535)	–	(1,666)	3,799	21 August 2017
		367,000	(342,535)	–	(10,000)	14,465	

The share options were granted at a discount of 20% to the average market price over three consecutive trading days preceding the date of grant.

Details of the share options to subscribe for ordinary shares of the Company granted to directors of the Company pursuant to the Hor Kew Share Option Plans before adjusted for the share consolidation are as follows:

Name of participants	Granted during financial year	Aggregate granted since commencement of scheme to 31.12.2015	Aggregate exercised since commencement of scheme to 31.12.2015	Aggregate outstanding as at 31.12.2015
Dennis Aw Khoon Hwee	–	4,258,600	4,258,600	–
Elicia Aw Ying Ying	–	1,064,000	1,064,000	–

DIRECTORS' STATEMENT

Share options (cont'd)

Since the commencement of the Hor Kew Share Option Plans till the end of the financial year:

(a) A total of 21,293,000 share options had been granted to the controlling shareholders of the Company and/or their associates. The share options have been adjusted for subsequently upon share consolidation of every existing 15 share options into 1 share option on 23 July 2015;

(b) No participant other than Dennis Aw Khoon Hwee had received 5% or more of the total share options authorised for issue;

(c) Except as disclosed in the consolidated financial statements and this statement, no share option had been granted to other directors; and

(d) No share option that entitles the holder to participate, by virtue of the share option, in any share issue of any other corporation had been granted.

Audit Committee

The members of the Audit Committee during the financial year and at the date of this statement are:

Dr Low Seow Chay (Chairman)
Lee Sen Choon
William Chew Yew Meng

All members of this committee are non-executive and independent directors.

DIRECTORS' STATEMENT

Audit Committee (cont'd)

The Audit Committee carries out its functions in accordance with Section 201B(5) of the Act, including the following:

- Reviews the audit plan of the independent auditor of the Company and the co-operation given by the management to the independent auditor;
- Reviews the quarterly, half-yearly and full-year announcements on the financial performance and financial position of the Group and the Company before their submission to the Board of Directors of the Company;
- Reviews the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company and independent auditor's report on those financial statements before their submission to the Board of Directors of the Company;
- Reviews the effectiveness of the Group's material internal controls, including financial, operational and compliance controls and risk management;
- Meets with the independent auditor, other committees and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes, and any reports received from regulators;
- Reviews the cost effectiveness and the independence and objectivity of the independent auditor;
- Reviews the nature and extent of non-audit services, if any, provided by the independent auditor;
- Recommends to the Board of Directors the independent auditor to be nominated, approves the compensation of the independent auditor, and reviews the scope and results of the audit;
- Reports actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considers appropriate; and
- Reviews the interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

DIRECTORS' STATEMENT

Audit Committee (cont'd)

The Audit Committee has full access to and co-operation by the management and has full discretion to invite any director or executive officer to attend its meetings. The independent auditor has unrestricted access to the Audit Committee and the Audit Committee has reasonable resources available to enable it to discharge its functions properly.

The Audit Committee has also met with the independent auditor, without the presence of the Company's management, at least once a year. The Audit Committee is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board of Directors that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting of the Company.

Independent Auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Dennis Aw Khoon Hwee
Executive Chairman and Chief Executive Officer

Benjamin Aw Chi-Ken
Executive Director

Singapore

31 March 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HOR KEW CORPORATION LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Hor Kew Corporation Limited (the "Company") and its subsidiary companies (the "Group") set out on pages 43 to 136, which comprise the statements of financial position of the Group and the Company as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HOR KEW CORPORATION LIMITED

Report on the Financial Statements (cont'd)

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position 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 financial position of the Group and the Company as at 31 December 2015, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 $'000	Group 2014 $'000
Revenue	5	**79,508**	71,554
Cost of sales		**(70,428)**	(80,705)
Gross profit/(loss)		**9,080**	(9,151)
Other income	6	**3,985**	9,011
		13,065	(140)
Expenses			
General and administrative expenses		**14,226**	14,578
Finance costs	7	**1,392**	1,022
		15,618	15,600
Loss before tax	8	**(2,553)**	(15,740)
Tax credit	9	**513**	3,239
Loss for the financial year		**(2,040)**	(12,501)
Other comprehensive (loss)/income:			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**(3,191)**	(510)
Fair value loss on available-for-sale financial assets		**(9)**	(8)
		(3,200)	(518)
Items that will not be reclassified subsequently to profit or loss:			
Revaluation gain on property, plant and equipment		**1,480**	3,671
Other comprehensive (loss)/income for the financial year, net of tax		**(1,720)**	3,153
Total comprehensive loss for the financial year		**(3,760)**	(9,348)
		Cents	(Restated) Cents
Loss per share	10		
Basic		**3.92**	24.00
Diluted		**3.92**	24.00

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2015

		Group		Company	
	Note	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000
Non-current assets					
Property, plant and equipment	11	**48,540**	45,692	**192**	320
Investment properties	12	**35,580**	36,015	**–**	–
Investment in subsidiary companies	13	**–**	–	**45,560**	50,090
Trade receivables	14	**2,630**	2,145	**–**	–
Club membership	15	**34**	34	**–**	–
Deferred tax assets	16	**128**	–	**–**	–
Total non-current assets		**86,912**	83,886	**45,752**	50,410
Current assets					
Development properties	17	**18,957**	21,761	**–**	–
Completed development properties held for sale		**9,672**	11,153	**–**	–
Inventories	18	**7,796**	8,937	**–**	–
Trade receivables	14	**27,304**	17,968	**–**	–
Other receivables	19	**2,390**	2,506	**39,335**	40,211
Available-for-sale financial assets	20	**64**	414	**14**	27
Cash and cash equivalents	21	**38,219**	38,173	**250**	6
		104,402	100,912	**39,599**	40,244
Non-current assets held for sale	22	**–**	889	**–**	–
Total current assets		**104,402**	101,801	**39,599**	40,244
Total assets		**191,314**	185,687	**85,351**	90,654
Non-current liabilities					
Borrowings	23	**26,186**	10,874	**–**	–
Deferred tax liabilities	16	**2,632**	2,979	**–**	–
Total non-current liabilities		**28,818**	13,853	**–**	–

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	Note	Group		Company	
		2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Current liabilities					
Due to customers on construction contracts	24	**–**	522	**–**	–
Trade payables	25	**23,617**	21,187	**–**	–
Other payables	26	**4,522**	4,561	**21,377**	18,852
Borrowings	23	**40,711**	45,997	**–**	–
Hire purchase payables	27	**429**	1,903	**–**	–
Derivative financial instruments	28	**162**	152	**–**	–
Tax payables		**249**	946	**50**	50
Total current liabilities		**69,690**	75,268	**21,427**	18,902
Total liabilities		**98,508**	89,121	**21,427**	18,902
Net assets		**92,806**	96,566	**63,924**	71,752
Equity					
Share capital	29	**68,323**	68,323	**68,323**	68,323
Share option reserve	30	**13**	21	**13**	21
Other reserves	31	**16,051**	17,771	**2**	6
Accumulated profits/(losses)		**8,419**	10,451	**(4,414)**	3,402
Total equity		**92,806**	96,566	**63,924**	71,752

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Share capital $'000	Share option reserve $'000	Other reserves $'000	Accumulated profits $'000	Total equity $'000
Group					
Balance at 1 January 2014	68,323	22	14,618	24,903	107,866
Loss for the financial year	–	–	–	(12,501)	(12,501)
Other comprehensive (loss)/income:					
Currency translation differences arising from consolidation	–	–	(510)	–	(510)
Fair value loss on available-for-sale financial assets	–	–	(8)	–	(8)
Revaluation gain on property, plant and equipment	–	–	3,671	–	3,671
Other comprehensive income for the financial year, net of tax	–	–	3,153	–	3,153
Total comprehensive income/(loss) for the financial year	–	–	3,153	(12,501)	(9,348)
Reclassification upon lapse of share options	–	(1)	–	1	–
Dividends (Note 32)	–	–	–	(1,952)	(1,952)
Balance at 31 December 2014	68,323	21	17,771	10,451	96,566
Loss for the financial year	–	–	–	(2,040)	(2,040)
Other comprehensive (loss)/income:					
Currency translation differences arising from consolidation	–	–	(3,191)	–	(3,191)
Fair value loss on available-for-sale financial assets	–	–	(9)	–	(9)
Revaluation gain on property, plant and equipment	–	–	1,480	–	1,480
Other comprehensive loss for the financial year, net of tax	–	–	(1,720)	–	(1,720)
Total comprehensive loss for the financial year	–	–	(1,720)	(2,040)	(3,760)
Reclassification upon lapse of share options	–	(8)	–	8	–
Balance at 31 December 2015	**68,323**	**13**	**16,051**	**8,419**	**92,806**

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Share capital $'000	Share option reserve $'000	Other reserves $'000	Accumulated profits/ (losses) $'000	Total equity $'000
Company					
Balance at 1 January 2014	68,323	22	9	19,737	88,091
Loss for the financial year	–	–	–	(14,384)	(14,384)
Other comprehensive loss for the financial year, net of tax					
– Fair value loss on available-for-sale financial assets	–	–	(3)	–	(3)
Total comprehensive loss for the financial year	–	–	(3)	(14,384)	(14,387)
Reclassification upon lapse of share options	–	(1)	–	1	–
Dividends (Note 32)	–	–	–	(1,952)	(1,952)
Balance at 31 December 2014	68,323	21	6	3,402	71,752
Loss for the financial year	–	–	–	(7,824)	(7,824)
Other comprehensive loss for the financial year, net of tax					
– Fair value loss on available-for-sale financial assets	–	–	(4)	–	(4)
Total comprehensive loss for the financial year	–	–	(4)	(7,824)	(7,828)
Reclassification upon lapse of share options	–	(8)	–	8	–
Balance at 31 December 2015	**68,323**	**13**	**2**	**(4,414)**	**63,924**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Group	
		(Restated)
	2015	2014
	$'000	$'000
Cash flows from operating activities		
Loss before tax	**(2,553)**	(15,740)
Adjustments for:		
Depreciation of property, plant and equipment	**4,087**	5,060
Dividend income	**(1)**	(5)
Fair value loss/(gain) on investment properties	**369**	(3,684)
Fair value loss on derivative financial instruments	**162**	152
Gain on settlement of derivative financial instruments	**(56)**	(836)
(Gain)/loss on disposal of property, plant and equipment	**(386)**	252
Impairment loss on available-for-sale financial assets	**322**	409
Impairment loss on club membership	**–**	2
Interest expense	**1,392**	1,022
Interest income	**(829)**	(680)
Property, plant and equipment written off	**108**	–
Unrealised loss on foreign exchange	**1,484**	2,161
Operating cash flows before working capital changes	**4,099**	(11,887)
Changes in operating assets and liabilities:		
Development properties and completed development properties held for sale	**1,481**	27,208
Inventories	**1,141**	(2,753)
Receivables	**(9,704)**	101
Due from/to customers on construction contracts	**(522)**	14,282
Payables	**2,480**	(1,567)
Currency translation adjustments	**1,214**	130
Cash generated from operations	**189**	25,514
Interest received	**10**	680
Income tax paid	**(843)**	(188)
Net cash (used in)/generated from operating activities	**(644)**	26,006
Cash flows from investing activities		
Dividends received	**1**	5
Payment for settlement of derivative financial instruments	**(96)**	(2,411)
Proceeds from disposal of available-for-sale financial assets	**19**	–
Proceeds from disposal of property, plant and equipment	**1,763**	1,182
Purchase of property, plant and equipment	**(7,451)**	(2,233)
Net cash used in investing activities	**(5,764)**	(3,457)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Group	
	2015	(Restated) 2014
	$'000	$'000
Cash flows from financing activities		
Drawdown of borrowings	**27,906**	15,543
Interest paid	**(1,392)**	(1,013)
Repayment of borrowings	**(17,876)**	(7,020)
Repayment of hire purchase payables	**(1,521)**	(1,359)
Placement of fixed deposits pledged	**–**	(30,702)
Dividends paid	**–**	(1,952)
Net cash generated from/(used in) financing activities	**7,117**	(26,503)
Net increase/(decrease) in cash and cash equivalents	**709**	(3,954)
Cash and cash equivalents at beginning of financial year	**2,208**	6,031
Effects of exchange rate changes on cash and cash equivalents	**(125)**	131
Cash and cash equivalents at end of financial year	**2,792**	2,208
Cash and cash equivalents are represented by:		
Cash and cash equivalents on the consolidated statement of financial position (Note 21)	**38,219**	38,173
Fixed deposits pledged (Note 21)	**(33,414)**	(34,078)
Bank overdrafts (Note 23)	**(2,013)**	(1,887)
Cash and cash equivalents per consolidated statement of cash flows	**2,792**	2,208

During the current financial year, the Group modified the classification of interest paid from operating cash flows to financing cash flows because they are costs of obtaining financial resources. Comparative amounts in the consolidated statement of cash flows for 2014 were reclassified for consistency as follows:

	As previously reported 2014 $'000	Amount reclassified $'000	As restated 2014 $'000
Net cash generated from operating activities	24,993	1,013	26,006
Net cash used in financing activities	(25,490)	(1,013)	(26,503)

This reclassification did not have any effect on the consolidated statement of profit or loss and other comprehensive income, statement of financial position or net loss for the previous financial year.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 CORPORATE INFORMATION

Hor Kew Corporation Limited (the "Company") (Co. Reg. No. 199903415K) is domiciled and incorporated in Singapore as a private limited liability company on 18 June 1999. It was converted to a public company on 29 March 2000 and is listed on the Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at 66 Kallang Pudding Road, #07-01 Hor Kew Business Centre, Singapore 349324.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are disclosed in Note 4. There have been no significant changes in the nature of these activities during the financial year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company, expressed in Singapore dollar (rounded to the nearest thousand dollars unless otherwise stated), have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the following accounting policies.

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.1 Basis of preparation (cont'd)

The areas involving a higher degree of judgment in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

In the current financial year, the Group has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year. The adoption of these new and revised FRS and INT FRS did not have any material effect on the financial results or position of the Group and the Company.

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2015 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company except as disclosed below:

FRS 115 Revenue from Contracts with Customers

FRS 115 replaces FRS 18 'Revenue', FRS 11 'Construction contracts' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. FRS 115 provides a single, principle-based model to be applied to all contracts with customers. It provides guidance on whether revenue should be recognised at a point in time or over time, replacing the previous distinction between goods and services. The standard introduces new guidance on specific circumstances where cost should be capitalised and new requirements for disclosure of revenue in the financial statements. The standard is effective for annual periods beginning on or after 1 January 2018. The Group will reassess its contracts with customers in accordance with FRS 115.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.1 Basis of preparation (cont'd)

FRS 109 Financial Instruments

FRS 109 includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. FRS 109, when effective will replace FRS 39 Financial Instruments: Recognition and Measurement. This standard is effective for annual periods beginning on or after 1 January 2018. The Group will reassess the potential impact of FRS 109 and plans to adopt the standard on the required effective date.

2.2 Foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar, which is the Company's functional and presentation currency.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are recognised in other comprehensive income and accumulated in the currency translation reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Foreign currencies (cont'd)

Translation of Group entities' financial statements

The results and financial positions of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the end of the reporting period;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in the currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign operation/entity, the cumulative amount of the currency translation reserve relating to that particular foreign operation/entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

2.3 Subsidiary companies

Subsidiary companies are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investment in subsidiary companies are accounted for at cost less accumulated impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies at the end of the reporting period. Subsidiary companies 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.

The financial statements of the subsidiary companies are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary company. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any 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 fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2.5. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary company attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary company, even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Basis of consolidation (cont'd)

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

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.

Changes in the Company's ownership interest in subsidiary company that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).

When a change in the Company's ownership interest in subsidiary company results in a loss of control over the subsidiary company, the assets and liabilities of the subsidiary company including any goodwill, non-controlling interest and other components of equity related to the subsidiary company are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific FRS.

Any retained equity interest in the previous subsidiary company is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

2.5 Intangible assets

Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Intangible assets (cont'd)

Goodwill (cont'd)

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of subsidiary company, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Club membership

Club membership is initially recorded at cost. Subsequent to initial recognition, club membership is stated at cost less accumulated impairment losses.

2.6 Property, plant and equipment

Land and buildings are initially recorded at cost. Freehold land are subsequently stated at revalued amount less accumulated impairment losses. Freehold properties and leasehold land and buildings are subsequently stated at revalued amount less accumulated depreciation and accumulated impairment losses. Their fair values are determined annually by independent professional valuer and whenever their carrying amounts are likely to differ materially from their fair values.

Other property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 Property, plant and equipment (cont'd)

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is then restated to the revalued amount of the asset. Any increase in the carrying amount arising from revaluation is recognised in other comprehensive income and accumulated in the asset revaluation reserve within equity unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous surplus relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss; any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

Depreciation

No depreciation is provided on freehold land and construction work-in-progress.

Leasehold land and buildings are amortised evenly over the term of the lease, expire at various dates in 2020 and 2027.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 Property, plant and equipment (cont'd)

Depreciation (cont'd)

Depreciation is calculated on a straight-line basis to write off the cost or revalued amount of other property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

	Years
Freehold properties	50
Motor vehicles	3 to 8
Moulds	1 to 5
Office equipment, furniture and fittings	1 to 10
Plant and machinery and factory equipment	3 to 12
Renovation	5

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Construction work-in-progress represents assets in the course of construction for production, or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss until construction or development is completed. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policies (Note 2.24). Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

2.7 Investment properties

Investment properties include those portions of properties that are held to earn rental income and/or for capital appreciation or for a currently indeterminate use. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuer on the highest-and-best-use basis. Changes in fair values are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 Investment properties (cont'd)

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

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 2.6 up to the date of change in use.

2.8 Impairment of non-financial assets

At the end of each reporting period, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Impairment of non-financial assets (cont'd)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.9 Development properties

Development properties are properties held or developed for sale in the ordinary course of business. Development properties are measured at the lower of cost and net realisable value. The costs are assigned by using specific identification which includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities. Net realisable value represents the estimated selling price less cost to complete and costs to be incurred in selling the property.

2.10 Construction contracts

When the outcome of a construction contract can be estimated reliably, 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 ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 Construction contracts (cont'd)

The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to-date relative to the estimated total contract costs for the construction contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to-date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the statement of financial position unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

At the end of the reporting period, the cumulative costs incurred plus recognised attributable profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus recognised attributable profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts. Where progress billings exceed the cumulative costs incurred plus recognised attributable profits (less recognised losses), the balance is presented as due to customers on construction contracts.

Progress billings not yet paid by customers and retentions by customers are included within "trade receivables". Advances received are included within "other payables".

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Raw materials are stated at cost on a weighted average basis. The cost of finished goods and work-in-progress includes raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets, at fair value through profit or loss

This category has two sub-categories: "financial assets held for trading", and those designated upon initial recognition at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at initial recognition are those that are managed and their performance are evaluated on a fair value basis, in accordance with a documented Group's investment strategy. Derivatives are also categorised as "held for trading" unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are presented as "trade receivables", "other receivables" (excluding prepayments, tax recoverable and advance payments to suppliers) and "cash and cash equivalents" on the statement of financial position.

Financial assets, available-for-sale

Financial assets, available-for-sale include equity securities that are non-derivatives and are either designated in this category or not classified in any of the other categories. They are included in current assets due to short-term in nature.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Financial assets (cont'd)

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is also transferred to profit or loss.

Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised as expenses.

Subsequent measurement

Financial assets, both available-for-sale and at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss, including effects of currency translation, are recognised in profit or loss in the financial year in which the changes in fair values arise.

Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in fair value reserve together with the related currency translation differences.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Financial assets (cont'd)

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised in profit or loss.

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

Financial assets, available-for-sale

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that was recognised directly in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, bank overdrafts that form an integral part of the Group's cash management, other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged fixed deposits. Bank overdrafts are included in borrowings on the statement of financial position.

2.14 Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held for sale.

2.15 Financial liabilities

Financial liabilities include trade payables, other payables (excluding provision for unutilised annual leave and advance rental received), borrowings, hire purchase payables and derivative financial instruments.

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

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

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for the financial guarantees) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences. A financial liability is derecognised when the obligation under the liability is extinguished.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 Financial guarantees

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.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the expected amount payable to the holder. Financial guarantees contracts are amortised in profit or loss over the period of the guarantee.

2.17 Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage time is recognised as a finance cost in profit or loss.

2.18 Derivative financial instruments

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at the end of the subsequent reporting period. Changes in the fair value of derivative financial instruments that are not designated or do not qualify for hedge accounting are recognised in profit or loss as they arise.

2.19 Share capital

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and rendering of services, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and related cost can be reliably measured.

Construction revenue

Revenue from construction contracts represents the proportionate contract value on construction contracts attributable to the percentage of contract work performed during the financial year.

Property development revenue

Revenue from sales of completed development properties held for sale is recognised when risks and rewards of ownership of the real estate is transferred to the buyer.

Sales of goods

Revenue from sales of goods is recognised when the goods have been delivered to the customer and significant risks and rewards of ownership of the goods have been passed to the customer.

Management fee

Management fee income is recognised when services are rendered.

Rental income

Rental income from operating leases are recognised on a straight-line basis over the lease term.

Dividend income

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

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.21 Leases

(i) When Group entity is the lessee:

Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in hire purchase payables. The interest element of the finance leases is recognised in profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under finance leases are depreciated over the shorter of the useful life of the assets or the lease term.

Operating leases

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(ii) When Group entity is the lessor:

Operating leases

Leases where the Group entity retains substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.22 Government grants

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

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

2.23 Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

Employee leave entitlement

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

Share-based compensation

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the share options granted on the date of the grant. This cost is recognised in profit or loss, with a corresponding increase in the share option reserve, over the vesting period. Non-market vesting conditions are included in the estimation of the number of shares under share options that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under share options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.23 Employee benefits (cont'd)

Share-based compensation (cont'd)

When the share options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account if new ordinary shares are issued or credited to the treasury shares account if treasury shares are re-issued to the employees. Upon expiry of the share options, the balance in the share option reserve is transferred to retained earnings.

2.24 Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in profit or loss using the effective interest method.

2.25 Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax 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 nor taxable profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.25 Income taxes (cont'd)

Deferred income tax is provided on temporary differences arising on investment in subsidiary companies, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

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 currently enacted or substantively enacted tax rates at the end of the reporting period.

Deferred income tax is measured based on the tax consequence that will follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Deferred income tax is charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

2.26 Dividends

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders.

2.27 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the 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 the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Critical judgments in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgments that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below):

Functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiary companies. In determining the functional currencies of the entities in the Group, judgment is required by management to determine the primary economic environment in which the entities operate, the entities' process of determining sales prices and the currency of the country whose competitive forces and regulations mainly influences the prices of its goods and services. Management has assessed that prices are mainly denominated and settled in the respective local currency of the entities of the Group. In addition, most of the entities' cost base is mainly denominated in their respective local currency. Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency.

Impairment of available-for-sale financial assets

At the end of the reporting period, the fair values of certain equity securities classified as available-for-sale financial assets have declined below their costs by $322,000 (2014: $409,000). The Group has made a judgment that the decline in fair value below cost was significant or prolonged and considered it as an objective evidence of impairment. In making this judgment, the Group has considered, among other factors, historical share price movements, and the duration and extent to which the fair value of the investment is below its cost. An impairment loss of $322,000 (2014: $409,000) for available-for-sale financial assets is recognised in profit or loss during the financial year. The carrying amounts of the Group's and the Company's available-for-sale financial assets at 31 December 2015 are $64,000 (2014: $414,000) and $14,000 (2014: $27,000) respectively.

3 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the 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:

Construction contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of the reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to-date relative to the estimated total contract costs for the construction contract.

Significant judgments are required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the variation works and claims that are recoverable from the customers. In making these estimates, the Group has relied on past experience and knowledge of the project managers/engineers. Total contract costs comprise direct costs attributable to the construction of the properties. In estimating the total contract costs, management makes reference to information such as (i) current offers from contractors and suppliers, (ii) recent offers agreed with contractors and suppliers, and (iii) professional estimation on construction and material costs.

The carrying amounts of assets and liabilities arising from construction contracts at the end of the reporting period are disclosed in Note 24.

Property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual values.

The Group reviews the useful lives and residual values of property, plant and equipment at the end of each reporting period in accordance with the accounting policy in Note 2.6. The estimation of the useful lives and residual values involves assumptions concerning the future and estimations of the assets common life expectancies and expected level of usage. Any changes in the expected useful lives of these assets would affect the carrying amount of property, plant and equipment, and the depreciation charge for the financial year.

The carrying amounts of the Group's and the Company's property, plant and equipment at the end of the reporting period and the depreciation charge for the financial year are disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Key sources of estimation uncertainty (cont'd)

Fair value measurement

Land and buildings under property, plant and equipment are initially recorded at cost and subsequently stated at revalued amount less accumulated depreciation and accumulated impairment losses, if any. Investment properties are initially recognised at cost and subsequently carried at fair value. Their fair values as at 31 December 2015 are determined by independent professional valuers.

The valuation techniques and significant unobservable inputs used to determine the fair values of the land and buildings under property, plant and equipment and investment properties are further explained in Notes 11 and 12 respectively.

An increase in fair values net of tax, if any for the land and buildings under property, plant and equipment amounting to $1,480,000 (2014: $3,671,000) has been recognised in other comprehensive income and accumulated in the asset revaluation reserve within equity during the financial year. A decrease in fair values for the investment properties amounting to $369,000 (2014: increase of $3,684,000) has been recognised in profit or loss during the financial year.

The carrying amounts of the land and buildings under property, plant and equipment and investment properties at the end of the reporting period are disclosed in Notes 11 and 12 respectively.

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 historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's and the Company's loans and receivables at the end of the reporting period are disclosed in Note 37. If the present value of estimated future cash flows differ from management's estimates, the allowance for impairment for loans and receivables and the loans and receivables balance at the end of the reporting period will be affected accordingly.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Key sources of estimation uncertainty (cont'd)

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, the amount and timing of future taxable income and deductibility of certain expenditure. Accordingly, 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 reasonable estimates of whether additional taxes will be due. Where the final tax outcome of these matters is concluded and 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 Group recognises deferred income tax assets on deductible temporary differences to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which the deductible temporary differences can be utilised and that the Group is able to satisfy the continuing ownership test.

Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits and/or taxable temporary differences. The unrecognised potential deferred tax assets of the Group at the end of the reporting period are disclosed in Note 9.

The carrying amount of the Group's deferred tax liabilities at the end of the reporting period is disclosed in Note 16.

The carrying amounts of the Group's and the Company's tax payables at 31 December 2015 are $249,000 (2014: $946,000) and $50,000 (2014: $50,000) respectively.

The carrying amounts of the Group's and the Company's tax recoverable at the end of the reporting period are disclosed in Note 19.

Allowance for inventories

Management determines whether an allowance is required for any shortfall in net realisable value of inventories by reviewing the inventory listing on a periodic basis. The review involves a comparison of the carrying value of the inventory items with the respective net realisable value as well as the forecasted demand for the inventories. Following the review, management sets up the necessary allowance for any shortfall in the net realisable value of the inventories.

The carrying amounts of the Group's inventories at the end of the reporting period and the amount of inventories written down for the financial year are disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4 GROUP ENTITIES

The subsidiary companies at 31 December are:

Name of entity (country of incorporation/ place of business)	Principal activities	Ownership interest 2015 %	Ownership interest 2014 %
Subsidiary companies held by the Company			
Hor Kew Private Limited (Singapore)	Building and engineering contractor and property development	**100**	100
Hor Kew Land Pte Ltd (Singapore)	Property investment and development	**100**	100
Park Vale Design & Development Pte Ltd (Singapore) [1]	Dormant	**100**	100
Prefab Technology Pte Ltd (Singapore)	Design, manufacture and sale of prestressed and precast reinforced concrete building components	**100**	100
Prefab Technology 3 Pte Ltd (Singapore)	Design, manufacture and sale of prefabricated architectural metal components	**100**	100
Prefab Technology 8 Pte Ltd (Singapore) [1]	Rental of machinery	**100**	100
Forever 88 Sdn. Bhd. (Malaysia) [2]	Dormant	**100**	100
GPX Land Sdn. Bhd. (Malaysia) [3]	Dormant	**99**	99
ABX Land Sdn. Bhd. (Malaysia) [3]	Property investment and development	**100**	100
Prefab Technology Sdn. Bhd. (Malaysia) [4]	Design, manufacture and sale of precast concrete building components	**100**	100
Prefab Metal Sdn. Bhd. (Malaysia) [4]	Design, manufacture and sale of prefabricated metal components	**100**	100

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4 GROUP ENTITIES (cont'd)

The subsidiary companies at 31 December are (cont'd):

Name of entity (country of incorporation/ place of business)	Principal activities	Ownership interest 2015 %	2014 %
Subsidiary company held by Hor Kew Private Limited			
Oxley Lights Pte Ltd (Singapore)	Investment holding	**100**	100
Subsidiary company held by Oxley Lights Pte Ltd			
Oxley Lights Development Pte Ltd (Singapore)	Property investment and development	**100**	100

All the companies are audited by Baker Tilly TFW LLP, Singapore except for the following:

[1] Audited by T S Choo & Co, Singapore

[2] In the process of striking off

[3] Audited by Baker Tilly Monteiro Heng, independent member firm of Baker Tilly International in Malaysia

[4] Audited by Tee & Partners, Malaysia

In accordance to Rule 716 of the Singapore Exchange Securities Trading Limited Listing Manual, the Board of Directors of the Company and Audit Committee confirmed that they are satisfied that the appointment of different auditing firms for its subsidiary companies would not compromise the standard and effectiveness of the audit of the Group.

5 REVENUE

	Group 2015 $'000	2014 $'000
Construction revenue	**18,124**	33,147
Property development revenue	**2,366**	1,590
Sales of goods	**59,018**	36,817
	79,508	71,554

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6 OTHER INCOME

	Group	
	2015	2014
	$'000	$'000
Dividend income	**1**	5
Fair value gain on investment properties (Note 12)	**–**	3,684
Gain on disposal of property, plant and equipment	**386**	–
Gain on settlement of derivative financial instruments	**56**	836
Insurance compensation	**501**	1,347
Interest income from fixed deposits	**829**	680
Rental income from:		
– investment properties (Note 12)	**1,067**	1,089
– others	**156**	184
Sales of scrap materials	**793**	442
Sundry income	**196**	744
	3,985	9,011

7 FINANCE COSTS

	Group	
	2015	2014
	$'000	$'000
Interest expense on:		
– bank overdrafts	**37**	23
– hire purchases	**74**	86
– term loans	**1,217**	877
– trust receipts	**64**	36
	1,392	1,022

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

8 LOSS BEFORE TAX

	Group	
	2015	2014
	$'000	$'000
Loss before tax is arrived at after charging/(crediting):		
Allowance for doubtful receivables (Note 14)	**260**	484
Auditors' remuneration paid/payable to:		
– auditor of the Company	**112**	155
– other auditors of the Group*	**16**	20
Bad debts recovered	**–**	(3)
Bad debts written off	**–**	157
Depreciation of property, plant and equipment (Note 11)	**4,087**	5,060
Directors' fees	**98**	98
Fair value loss on derivative financial instruments	**162**	152
Fair value loss on investment properties (Note 12)	**369**	–
Fees for non-audit services paid/payable to auditor of the Company	**–**	1
Impairment loss on available-for-sale financial assets	**322**	409
Impairment loss on club membership (Note 15)	**–**	2
Inventories written down (Note 18)	**4**	–
Loss on disposal of property, plant and equipment	**–**	252
Loss on foreign exchange	**2,404**	2,399
Operating lease expense	**1,135**	2,220
Property, plant and equipment written off	**108**	–
Write-back of allowance for doubtful receivables (Note 14)	**(124)**	(514)
Staff costs**	**15,158**	18,526

* Includes independent member firm of the Baker Tilly International network.

** Staff costs		
Short-term employee benefits	**14,145**	16,393
Contribution to defined contribution plans	**511**	558
Other employment benefits***	**502**	1,575
Total staff costs	**15,158**	18,526

*** Other employment benefits include a lump sum death gratuity paid/payable to the former directors in recognition of their past years of services and contributions to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

9 TAX CREDIT

	Group	
	2015	2014
	$'000	$'000
Income tax:		
– current year	**5**	897
– under/(over) provision in respect of prior years	**140**	(3)
	145	894
Deferred income tax:		
– current year	**(658)**	(4,203)
– under provision in respect of prior years	**–**	70
	(658)	(4,133)
	(513)	(3,239)

Tax expense relating to each component of other comprehensive income is as follows:

	2015			2014		
	Before tax	**Tax charge**	**After tax**	Before tax	Tax charge	After tax
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Group						
Revaluation gain on property, plant and equipment	**1,663**	**(183)**	**1,480**	4,228	(557)	3,671

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

9 TAX CREDIT (cont'd)

The income tax credit on the results of the financial year differs from the amount of income tax determined by applying the domestic rates applicable to profit/loss in the countries where the Group operates due to the following factors:

	Group	
	2015	2014
	$'000	$'000
Loss before tax	**(2,553)**	(15,740)
Tax at the domestic rates applicable to profit/loss in the countries where the Group operates	**(546)**	(2,758)
Expenses not deductible for tax purposes	**825**	739
Income not subject to tax	**(18)**	(637)
Deferred tax assets not recognised	**88**	21
Utilisation of deferred tax assets not recognised previously	**(974)**	(511)
Under provision of taxation in respect of prior years	**140**	67
Others	**(28)**	(160)
	(513)	(3,239)

The above tax reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The statutory income tax rate applicable is 17% (2014: 17%) for companies incorporated in Singapore and 25% (2014: 25%) for companies incorporated in Malaysia.

At the end of the reporting period, the Group has potential tax benefits arising from unabsorbed tax losses and unabsorbed capital allowances of approximately $10,557,000 (2014: $14,220,000) and $5,545,000 (2014: $298,000) respectively, that are available for carry-forward to offset against future taxable income of the companies in which the tax losses and unabsorbed capital allowances differences arose, subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

9 TAX CREDIT (cont'd)

The potential deferred tax assets on the following deductible temporary differences have not been recognised in the financial statements at the end of the reporting period:

	Group	
	2015	2014
	$'000	$'000
Unabsorbed tax losses	**10,557**	14,220
Unabsorbed capital allowances	**5,545**	298
Accelerated accounting depreciation	**2,338**	8,951
Others	**70**	96
	18,510	23,565

The potential deferred tax assets have not been recognised in the financial statements as it is not probable that the future taxable income in these companies will be available and sufficient to allow these deductible temporary differences to be realised in the foreseeable future.

10 LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following:

	Group	
	2015	2014
	$'000	$'000
Loss for the financial year attributable to equity holders of the Company	**(2,040)**	(12,501)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

10 LOSS PER SHARE (cont'd)

	Group	
		(Restated)
	2015	2014
	$'000	$'000
Weighted average number of ordinary shares in issue		
– Basic weighted average	**52,067**	52,067
– Fully diluted weighted average	**52,069**	52,075

On 23 July 2015, the Company completed a share consolidation of every 15 existing issued ordinary shares into 1 consolidated ordinary share. The basic and fully diluted weighted average number of ordinary shares in issue for 2014 have been restated to reflect the share consolidation.

Basic loss per share is calculated based on the Group's loss for the financial year attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

Diluted loss per share is calculated based on the Group's loss for the financial year attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue 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 arising from the share options.

Loss per share of the Group for the current year reported on and the immediately preceding financial year are as follows:

	Group	
		(Restated)
	2015	2014
	Cents	Cents
Basic loss per share	**3.92**	24.00
Diluted loss per share	**3.92**	24.00

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11 PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Freehold properties $'000	Leasehold land and buildings $'000	Plant and machinery and factory equipment $'000	Motor vehicles $'000	Office equipment, furniture and fittings $'000	Renovation $'000	Moulds $'000	Construction work-in-progress $'000	Total $'000
Group - 2015										
Cost or valuation										
At 1 January 2015										
Cost	–	–	–	11,305	1,391	2,164	804	4,253	842	20,759
Valuation	4,715	20,607	14,700	–	–	–	–	–	–	40,022
	4,715	20,607	14,700	11,305	1,391	2,164	804	4,253	842	60,781
Additions	–	–	–	902	112	107	10	1,127	5,245	7,503
Disposals	–	–	–	(2,164)	(39)	(70)	–	(2,679)	–	(4,952)
Written off	–	–	–	(2,122)	–	–	–	–	–	(2,122)
Costs adjustments	–	(23)	–	–	–	–	–	–	–	(23)
Revaluation adjustments	–	426	(1,005)	–	–	–	–	–	–	(579)
Reclassifications	(4,407)	8,697	1,505	–	–	–	–	–	(5,795)	–
Currency translation differences	(308)	(809)	–	(175)	(11)	(8)	(6)	(155)	(292)	(1,764)
At 31 December 2015										
Cost	–	–	–	7,746	1,453	2,193	808	2,546	–	14,746
Valuation	–	28,898	15,200	–	–	–	–	–	–	44,098
	–	**28,898**	**15,200**	**7,746**	**1,453**	**2,193**	**808**	**2,546**	**–**	**58,844**
Accumulated depreciation										
At 1 January 2015	–	–	–	8,619	864	1,686	479	3,441	–	15,089
Depreciation charge	–	333	1,931	538	176	202	127	780	–	4,087
Disposals	–	–	–	(2,072)	(34)	(69)	–	(2,289)	–	(4,464)
Written off	–	–	–	(2,014)	–	–	–	–	–	(2,014)
Revaluation adjustments	–	(311)	(1,931)	–	–	–	–	–	–	(2,242)
Currency translation differences	–	(22)	–	(39)	(2)	(5)	(1)	(83)	–	(152)
At 31 December 2015	**–**	**–**	**–**	**5,032**	**1,004**	**1,814**	**605**	**1,849**	**–**	**10,304**
Net carrying value										
At 31 December 2015	**–**	**28,898**	**15,200**	**2,714**	**449**	**379**	**203**	**697**	**–**	**48,540**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land $'000	Freehold properties $'000	Leasehold land and buildings $'000	Plant and machinery and factory equipment $'000	Motor vehicles $'000	Office equipment, furniture and fittings $'000	Renovation $'000	Moulds $'000	Construction work-in-progress $'000	Total $'000
Group - 2014										
Cost or valuation										
At 1 January 2014										
Cost	–	–	–	15,700	1,641	2,073	742	3,644	–	23,800
Valuation	4,370	18,990	14,600	–	–	–	–	–	–	37,960
	4,370	18,990	14,600	15,700	1,641	2,073	742	3,644	–	61,760
Additions	–	–	–	759	258	92	63	740	811	2,723
Disposals	–	(6)	–	(3,176)	(507)	–	–	(86)	–	(3,775)
Written off	–	–	–	–	–	–	–	(25)	–	(25)
Revaluation adjustments	417	1,756	100	–	–	–	–	–	–	2,273
Reclassifications	(25)	(10)	–	–	–	–	–	–	35	–
Reclassified to non-current assets held for sale	–	–	–	(1,954)	–	–	–	–	–	(1,954)
Currency translation differences	(47)	(123)	–	(24)	(1)	(1)	(1)	(20)	(4)	(221)
At 31 December 2014										
Cost	–	–	–	11,305	1,391	2,164	804	4,253	842	20,759
Valuation	4,715	20,607	14,700	–	–	–	–	–	–	40,022
	4,715	20,607	14,700	11,305	1,391	2,164	804	4,253	842	60,781
Accumulated depreciation										
At 1 January 2014	–	–	–	9,818	1,182	1,475	352	2,608	–	15,435
Depreciation charge	–	308	1,650	1,688	187	212	127	888	–	5,060
Disposals	–	–	–	(1,817)	(504)	–	–	(20)	–	(2,341)
Written off	–	–	–	–	–	–	–	(25)	–	(25)
Revaluation adjustments	–	(305)	(1,650)	–	–	–	–	–	–	(1,955)
Reclassified to non-current assets held for sale	–	–	–	(1,065)	–	–	–	–	–	(1,065)
Currency translation differences	–	(3)	–	(5)	(1)	(1)	–	(10)	–	(20)
At 31 December 2014	–	–	–	8,619	864	1,686	479	3,441	–	15,089
Net carrying value										
At 31 December 2014	4,715	20,607	14,700	2,686	527	478	325	812	842	45,692

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11 PROPERTY, PLANT AND EQUIPMENT (cont'd)

(i) Freehold properties comprise the following:

(a) Geran Mukim 99 Lot 388 in the Mukim of Senai ("Freehold Property I")

The property erected on the freehold land at Geran Mukim 99 Lot 388 in the Mukim of Senai, District of Kulaijaya, Johor Bahru, Malaysia is a single-storey detached factory with a double-storey office annex, a single-storey detached factory, a guard house, a pump house and a bin centre.

During the financial year, the freehold land and construction work-in-progress were reclassified to freehold properties upon the completion of the construction of the assets.

(b) Geran Mukim 98 Lot 389 in the Mukim of Senai ("Freehold Property II")

The property erected on the freehold land at Geran Mukim 98 Lot 389 in the Mukim of Senai, District of Kulaijaya, Johor Bahru, Malaysia is a double-storey detached office cum guard house, a single-storey open-sided fabrication yard, one block of three-storey cabin, a power substation and a bin centre.

(c) 66 Kallang Pudding Road ("Freehold Property III")

The property erected on the freehold land at 66 Kallang Pudding Road, Singapore 349324 is an 8-storey multiple-use industrial building with 2-storey carpark.

Freehold Property III comprises a portion that is used as corporate office of the Company which are accounted for under property, plant and equipment, and another portion is held to earn rental income and/or for capital appreciation which are accounted for under investment properties (Note 12).

(ii) Leasehold land and buildings comprise the following:

(a) 66 Sungei Kadut Street 1 ("Leasehold Property I")

A precast fabrication factory with two 2-storey office buildings, a single storey factory building and a 2-storey factory building with a 4-storey extension situated at 66 Sungei Kadut Street 1, Sungei Kadut Industrial Estate, Singapore 729367. The land lease is for 30 years starting from 16 January 1990.

(b) 99 Pioneer Road ("Leasehold Property II")

A standard Jurong Town Corporation Type D8 single-storey detached factory with a mezzanine floor and a 3-storey extension situated at 99 Pioneer Road, Jurong Industrial Estate, Singapore 639580. The land lease is for 30 years starting from 1 December 1997.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11 PROPERTY, PLANT AND EQUIPMENT (cont'd)

(iii) The basis of determining fair values for measurement is as follows:

Freehold Property I and Freehold Property II

At the end of the reporting period, the fair values of the Freehold Property I and Freehold Property II are determined based on the property's highest-and-best-use valuation performed by KGV International Property Consultants (Johor) Sdn Bhd, independent professional valuer using a direct comparison with recent transactions of comparable freehold lands and properties within the vicinity and elsewhere at the end of the reporting period. Adjustments are made for differences in factors such as locations, physical characteristics and time element. This fair value measurement is categorised in the Level 3 of the fair value hierarchy.

Freehold Property III

At the end of the reporting period, the fair value of the Freehold Property III is determined based on the property's highest-and-best-use valuation performed by Jones Lang LaSalle Property Consultants Pte Ltd, independent professional valuer using a direct comparison with recent transactions of comparable properties within the vicinity at the end of the reporting period. The valuer has taken into consideration the prevailing market conditions and have made due adjustments for differences between the property and the comparables in terms of locations, tenure, size, shape, design and layout, age and condition of buildings, dates of transactions and other factors affecting its value. This fair value measurement is categorised in the Level 3 of the fair value hierarchy.

Leasehold Property I

At the end of the reporting period, the fair value of the Leasehold Property I is determined based on the property's highest-and-best-use valuation performed by Jones Lang LaSalle Property Consultants Pte Ltd, independent professional valuer using a direct comparison with recent transactions of comparable properties within the vicinity at the end of the reporting period. The valuer has taken into consideration the prevailing market conditions and have made due adjustments for differences between the property and the comparables in terms of locations, tenure, size, shape, design and layout, age and condition of buildings, dates of transactions and other factors affecting its value. The valuation was also cross checked with the income method of valuation. This method entails the estimation of the gross rental income less the necessary expenses such as property tax and land rental to derive a net rental income. This is then capitalised at an appropriate yield rate for the remaining period of the lease to arrive at the fair value. This fair value measurement is categorised in the Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11 PROPERTY, PLANT AND EQUIPMENT (cont'd)

(iii) The basis of determining fair values for measurement is as follows (cont'd)

Leasehold Property II

At 31 December 2015, the fair value of the Leasehold Property II is determined based on the property's highest-and-best-use valuation performed by PREMAS valuers & Property Consultants Pte Ltd, independent professional valuer using a direct comparison with recent transactions of comparable properties within the vicinity at the end of the reporting period. The valuer has taken into consideration sale transactions of comparable properties with regards to the locations, tenure, age, size, condition, layout and design amongst other factors. The valuation was also cross checked with the income method of valuation. This method examines the present worth of the future income stream in the form of the net profit rental value capitalised at an appropriate investment yield.

At 31 December 2014, the fair value of the Leasehold Property II was determined based on the property's highest-and-best-use valuation performed by Jones Lang LaSalle Property Consultants Pte Ltd, independent professional valuer using a direct comparison with recent transactions of comparable properties within the vicinity at the end of the reporting period. The valuer has taken into consideration the prevailing market conditions and have made due adjustments for differences between the property and the comparables in terms of locations, tenure, size, shape, design and layout, age and condition of buildings, dates of transactions and other factors affecting its value. The valuation was also cross checked with the income method of valuation. This method entails the estimation of the gross rental income less the necessary expenses such as property tax and land rental to derive a net rental income. This is then capitalised at an appropriate yield rate for the remaining period of the lease to arrive at the fair value.

There is no significant difference in the valuation technique and assumptions applied by both independent professional valuers. This fair value measurement is categorised in the Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11 PROPERTY, PLANT AND EQUIPMENT (cont'd)

(iii) The basis of determining fair values for measurement is as follows (cont'd)

The following table shows the significant unobservable inputs used in the valuation model:

Description	Fair value $'000	Valuation technique	Significant unobservable input [1]	Range
2015				
Freehold Property I	9,553	Direct comparison method	Price per square metre [2]	$110 to $130
Freehold Property II	7,247	Direct comparison method	Price per square metre [2]	$110 to $130
Freehold Property III	12,098	Direct comparison method	Price per square metre [2]	$8,800 to $10,500
Leasehold Property I	4,700	Direct comparison method	Price per square metre [2]	$960 to $1,150
		Income method	Capitalisation rate [3]	8.50%
Leasehold Property II	10,500	Direct comparison method	Price per square metre [2]	$1,150 to $1,610
		Income method	Capitalisation rate [3]	5.50%
2014				
Freehold land	4,715	Direct comparison method	Price per square metre [2]	$110 to $140
Freehold Property II	8,379	Direct comparison method	Price per square metre [2]	$110 to $140
Freehold Property III	12,228	Direct comparison method	Price per square metre [2]	$9,700 to $12,900
Leasehold Property I	5,700	Direct comparison method	Price per square metre [2]	$560 to $1,560
		Income method	Capitalisation rate [3]	8.50%
Leasehold Property II	9,000	Direct comparison method	Price per square metre [2]	$1,700 to $3,230
		Income method	Capitalisation rate [3]	7.00%

[1] The significant unobservable input of the properties are yet to be adjusted for any difference in the nature, location or condition of the specific properties by the independent professional valuer.

[2] Any significant isolated increases (decreases) in the significant unobservable input would result in a significantly higher (lower) fair value measurement.

[3] Any significant isolated increases (decreases) in the significant unobservable input would result in a significantly lower (higher) fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11 PROPERTY, PLANT AND EQUIPMENT (cont'd)

(iv) If the following property, plant and equipment carried at valuation had been included in the financial statements at cost less accumulated depreciation, the net carrying value would have been as follows:

	Group	
	2015 **$'000**	2014 $'000
Freehold land	**–**	2,391
Freehold properties	**16,736**	11,495
Leasehold land and buildings	**5,461**	4,662

(v) The net carrying value of freehold properties and leasehold land and buildings amounting to $12,098,000 (2014: $12,228,000) and $15,200,000 (2014: $14,700,000) are mortgaged to banks to secure banking facilities of the Group (Note 23).

(vi) During the financial year, the Group acquired certain property, plant and equipment with an aggregate cost of $52,000 (2014: $490,000) by means of hire purchase arrangements. The cash outflow on acquisition of property, plant and equipment amounted to $7,451,000 (2014: $2,233,000).

(vii) At the end of the reporting period, the net carrying value of property, plant and equipment acquired under hire purchase arrangements (Note 27) are as follows:

	Group	
	2015 **$'000**	2014 $'000
Plant and machinery and factory equipment	**541**	646
Motor vehicles	**165**	208
	706	854

(viii) At the end of the reporting period, motor vehicles of the Group with net carrying value of $90,000 (2014: $148,000) are registered in the name of the directors and key management of the Group who held in trust for the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Office equipment, furniture and fittings	Renovation	Total
	$'000	$'000	$'000
Company - 2015			
Cost			
At 1 January 2015	479	176	655
Additions	1	–	1
At 31 December 2015	**480**	**176**	**656**
Accumulated depreciation			
At 1 January 2015	247	88	335
Depreciation charge	94	35	129
At 31 December 2015	**341**	**123**	**464**
Net carrying value			
At 31 December 2015	**139**	**53**	**192**
Company - 2014			
Cost			
At 1 January 2014	476	176	652
Additions	3	–	3
At 31 December 2014	479	176	655
Accumulated depreciation			
At 1 January 2014	148	52	200
Depreciation charge	99	36	135
At 31 December 2014	247	88	335
Net carrying value			
At 31 December 2014	232	88	320

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

12 INVESTMENT PROPERTIES

	Group	
	2015 **$'000**	2014 $'000
At 1 January	**36,015**	32,331
Fair value (loss)/gain recognised in profit or loss	**(369)**	3,684
Costs adjustments	**(66)**	–
At 31 December	**35,580**	36,015

The following amounts are recognised in profit or loss:

	Group	
	2015 **$'000**	2014 $'000
Fair value (loss)/gain on investment properties	**(369)**	3,684
Rental income (Note 6)	**1,067**	1,089
Direct operating expenses arising from investment properties that generated rental income	**307**	309

The investment properties held by the Group at the end of the reporting period are as follows:

		Group	
Properties	**Tenure**	**2015** **$'000**	2014 $'000
Property 1	70 years from 1993, 48 years remaining	**1,178**	1,243
Property 2	Freehold	**34,402**	34,772
		35,580	36,015

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

12 INVESTMENT PROPERTIES (cont'd)

Property 1

Property 1 comprises commercial office units located at 23B, 23C, 23G, 23H, 23J and 23K, Fuhua Complex of Quanzhou, The People's Republic of China. Property 1 are leased out to non-related parties under cancellable operating leases.

At the end of the reporting period, the fair value of the Property 1 is determined based on the property's highest-and-best-use valuation performed by Vigers Appraisal and Consulting (International) Limited, independent professional valuer. In valuing the portions of the property which are vacant, Direct Market Comparison Method of valuation was adopted whereby comparisons based on actual sales or offerings of comparable properties have been made. Comparable properties with similar character, location, sizes and so on are analysed and carefully weighted against all respective advantages and disadvantages of the properties in order to arrive at a fair comparison of value. In respect of the portions of the property which are subject to existing tenancies, the income method of valuation was adopted whereby the term rentals receivables are capitalised at appropriate yield rate and due consideration has been made on the reversionary interests. This fair value measurement is categorised in the Level 3 of the fair value hierarchy.

Property 2

Property 2 comprises the portion of 8-storey multiple-use industrial building with 2-storey carpark located at 66 Kallang Pudding Road, Singapore 349324 which are held to earn rental income and/or for capital appreciation (Note 11(i)(c)). Property 2 is mortgaged to bank to secure banking facilities of the Group (Note 23).

At the end of the reporting period, the fair value of the Property 2 is determined based on the property's highest-and-best-use valuation performed by Jones Lang LaSalle Property Consultants Pte Ltd, independent professional valuer using a direct comparison with recent transactions of comparable properties within the vicinity at the end of the reporting period. The valuer has taken into consideration the prevailing market conditions and have made due adjustments for differences between the property and the comparables in terms of locations, tenure, size, shape, design and layout, age and condition of buildings, dates of transactions and other factors affecting its value. This fair value measurement is categorised in the Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

12 INVESTMENT PROPERTIES (cont'd)

The following table shows the significant unobservable inputs used in the valuation model:

Description	Fair value $'000	Valuation technique	Significant unobservable input [1]	Range
2015				
Property 1	1,178	Direct comparison method	Price per square metre [2]	$1,200 to $1,600
		Income method	Capitalisation rate [3]	4.50%
Property 2	34,402	Direct comparison method	Price per square metre [2]	$8,800 to $10,500
2014				
Property 1	1,243	Direct comparison method	Price per square metre [2]	$1,200 to $2,200
		Income method	Capitalisation rate [3]	4.50%
Property 2	34,772	Direct comparison method	Price per square metre [2]	$9,700 to $12,900

[1] The significant unobservable input of the properties are yet to be adjusted for any difference in the nature, location or condition of the specific properties by the independent professional valuer.

[2] Any significant isolated increases (decreases) in the significant unobservable input would result in a significantly higher (lower) fair value measurement.

[3] Any significant isolated increases (decreases) in the significant unobservable input would result in a significantly lower (higher) fair value measurement.

13 INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2015	2014
	$'000	$'000
Unquoted equity shares at cost:		
At 1 January	**39,398**	38,515
Additions	**700**	883
At 31 December	**40,098**	39,398
Impairment losses	**(31,084)**	(25,962)
	9,014	13,436
Loans due from subsidiary companies	**36,546**	36,654
	45,560	50,090

Movements in impairment losses on investment in subsidiary companies during the financial year are as follows:

	Company	
	2015	2014
	$'000	$'000
At 1 January	**25,962**	10,262
Impairment made and recognised in profit or loss	**7,172**	15,700
Write-back of impairment losses recognised in profit or loss	**(2,050)**	–
At 31 December	**31,084**	25,962

See Note 4 for details of subsidiary companies.

During the financial year, management performed an impairment test for the investment in subsidiary companies. An impairment loss of $7,172,000 (2014: $15,700,000) was recognised to write down the carrying values of subsidiary companies to their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

13 INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Management considered it appropriate to reverse $2,050,000 of the prior years' charges of impairment as this subsidiary company was profitable and in net assets position as at 31 December 2015. Management was also confident that this subsidiary company will continue to be profitable in the foreseeable future.

Management determined that owing to the nature of the activities of the subsidiary companies, the loans due from subsidiary companies are quasi-equity in nature, non-interest bearing and are therefore included in the investment in subsidiary companies. The quasi-equity loans have no repayment terms and accordingly, the amounts are stated at cost.

During the financial year, the Company subscribed for the following new ordinary shares in the following subsidiary companies:

Date	Name of company	Number of ordinary shares	Total consideration
			$'000
2015			
20 August	Prefab Technology Pte Ltd	700,000	**700**
2014			
21 March	Prefab Technology Sdn. Bhd.	2,000,000	786
11 July	Prefab Metal Sdn. Bhd.	250,000	97
			883

The increase in the paid-up capital of the respective subsidiary companies does not have any financial impact on the consolidated financial statements of the Group.

14 TRADE RECEIVABLES

	Group	
	2015	2014
	$'000	$'000
Accrued progress billings for completed construction project	**283**	–
Third party receivables	**25,561**	18,153
Related party receivables	**19**	–
Retention sum	**5,813**	3,775
	31,676	21,928
Allowance for doubtful receivables	**(1,742)**	(1,815)
	29,934	20,113
Represented by:		
– Non-current	**2,630**	2,145
– Current	**27,304**	17,968
	29,934	20,113

Movements in allowance for doubtful receivables during the financial year are as follows:

	Group	
	2015	2014
	$'000	$'000
At 1 January	**1,815**	2,549
Allowance made and recognised in profit or loss (Note 8)	**260**	484
Write-back of allowance recognised in profit or loss (Note 8)	**(124)**	(514)
Bad debts written off against allowance	**(209)**	(704)
At 31 December	**1,742**	1,815

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14 TRADE RECEIVABLES (cont'd)

The analysis of trade receivables at the end of the reporting period is as follows:

	Group	
	2015 $'000	2014 $'000
Not past due and not impaired	**8,576**	9,673
Past due but not impaired	**20,646**	9,549
	29,222	19,222
Impaired receivables - individually assessed:		
Gross amount	**2,454**	2,706
Allowance for doubtful receivables	**(1,742)**	(1,815)
	712	891
Total trade receivables, net	**29,934**	20,113

The Group has trade receivables amounting to $20,646,000 (2014: $9,549,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	Group	
	2015 $'000	2014 $'000
Trade receivables past due:		
< 90 days	**17,117**	6,696
91 to 180 days	**1,893**	1,361
> 180 days	**1,636**	1,492
	20,646	9,549

14 TRADE RECEIVABLES (cont'd)

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those receivables that are in significant financial difficulties, have defaulted on payments, or are disputing the amounts due. These receivables are not secured by any collateral or credit enhancements and the analysis of their ageing at the end of the reporting period is as follows:

	Group	
	2015 **$'000**	2014 $'000
Impaired receivables - individually assessed:		
< 90 days	**13**	223
91 to 180 days	**2**	15
> 180 days	**2,439**	2,468
	2,454	2,706

Based on the discounted cash flows method using a discount rate based upon the market lending rate at the end of the reporting period, the fair values of the non-current trade receivables at the end of the reporting period approximate their carrying values. This fair value measurement for disclosure purposes is categorised in the Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

15 CLUB MEMBERSHIP

	Group	
	2015	2014
	$'000	$'000
Cost		
At 1 January and 31 December	**191**	191
Accumulated impairment losses		
At 1 January	**157**	155
Impairment loss recognised in profit or loss (Note 8)	**–**	2
At 31 December	**157**	157
Carrying amount		
At 31 December	**34**	34

The club membership is registered in the name of the Estate of Dr Aw Leng Hwee (deceased), who held in trust for the Group.

16 DEFERRED TAX (ASSETS)/LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movements in the deferred tax accounts are as follows:

	Group	
	2015	2014
	$'000	$'000
At 1 January	**2,979**	6,555
Tax credited to profit or loss (Note 9)	**(658)**	(4,133)
Tax charged to other comprehensive income (Note 31)	**183**	557
At 31 December	**2,504**	2,979
Representing:		
Non-current		
Deferred tax assets	**(128)**	–
Deferred tax liabilities	**2,632**	2,979
	2,504	2,979

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16 DEFERRED TAX (ASSETS)/LIABILITIES (cont'd)

Deferred tax expense relating to other comprehensive income are in respect of the revaluation gain of property, plant and equipment.

The following are the major deferred tax assets and liabilities recognised by the Group and the movements thereon, during the current and prior reporting periods:

	Accelerated tax depreciation	Revaluation gain of property, plant and equipment	Unabsorbed tax losses	Temporary differences on development properties	Total
	$'000	$'000	$'000	$'000	$'000
Group					
At 1 January 2014	80	2,542	(131)	4,064	6,555
Tax (credited)/charged to profit or loss	–	(200)	131	(4,064)	(4,133)
Tax charged to other comprehensive income	–	557	–	–	557
At 31 December 2014	80	2,899	–	–	2,979
Tax credited to profit or loss	(425)	(233)	–	–	(658)
Tax charged to other comprehensive income	–	183	–	–	183
At 31 December 2015	**(345)**	**2,849**	**–**	**–**	**2,504**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

17 DEVELOPMENT PROPERTIES

	Group	
	2015	2014
	$'000	$'000
Unsold development properties:		
At 1 January	**21,761**	29,307
Costs incurred during the financial year	**–**	2,481
Transferred to sold development properties	**–**	(1,833)
Transferred to completed development properties held for sale	**–**	(7,769)
Currency translation differences	**(2,804)**	(425)
At 31 December	**18,957**	21,761
Sold development properties:		
Aggregate costs incurred to-date	**–**	46,933
Attributable profits recognised to-date	**–**	28,093
Progress billings to-date	**–**	(71,720)
Transferred to trade receivables	**–**	(3,306)
Due from customers on development projects	**–**	–

Development properties comprise 6 parcels of vacant residential lands and 3 parcels of vacant commercial lands located within Kota Seriemas, Nilai, Negeri Sembilan, Malaysia with total land areas of 741,554 square metres. The Group intends to develop a township on these land, but yet to commence any development activities as at 31 December 2015.

In 2014, borrowing costs amounting to $2,000 were capitalised. The borrowing costs capitalised were based on interest rates of the borrowings obtained specifically for the development properties of 2.35% per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

18 INVENTORIES

	Group	
	2015 **$'000**	2014 $'000
Raw materials	**1,689**	3,711
Work-in-progress	**475**	456
Finished goods	**4,880**	4,770
Goods-in-transits	**752**	–
	7,796	8,937

The following amounts are recognised in profit or loss:

	Group	
	2015 **$'000**	2014 $'000
Inventories recognised as an expense in cost of sales	**61,514**	32,598
Inclusive of the following:		
– Inventories written down (Note 8)	**4**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

19 OTHER RECEIVABLES

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Amounts due from subsidiary companies	**–**	–	**45,718**	44,145
Sundry receivables	**1,516**	2,341	**257**	5
Allowance for doubtful receivables	**(893)**	(893)	**(6,658)**	(3,956)
	623	1,448	**39,317**	40,194
Sundry deposits	**979**	778	**–**	–
Prepayments	**651**	276	**18**	17
Tax recoverable	**5**	4	**–**	–
Advance payments to suppliers	**132**	–	**–**	–
	2,390	2,506	**39,335**	40,211

Movements in allowance for doubtful receivables during the financial year are as follows:

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
At 1 January	**893**	893	**3,956**	3,636
Allowance made and recognised in profit or loss	**–**	–	**2,702**	794
Write-back of allowance recognised in profit or loss	**–**	–	**–**	(441)
Bad debts written off against allowance	**–**	–	**–**	(33)
At 31 December	**893**	893	**6,658**	3,956

The amounts due from subsidiary companies are non-trade in nature, unsecured, interest-free and payable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

20 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets represent quoted equity securities listed in Singapore.

21 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Cash and bank balances	**4,805**	4,095	**250**	6
Fixed deposits	**33,414**	34,078	**–**	–
	38,219	38,173	**250**	6

Fixed deposits are placed for periods between 1 and 12 months (2014: 1 and 12 months) and bear interest rates ranging from 1.85% to 3.45% (2014: 2.52% to 3.45%) per annum. Fixed deposits of $33,414,000 (2014: $34,078,000) are pledged to banks to secure banking facilities of the Group (Note 23).

22 NON-CURRENT ASSETS HELD FOR SALE

	Group	
	2015 $'000	2014 $'000
Plant and machinery held for sale previously classified under property, plant and equipment	**–**	889

During the financial year, plant and machinery held for sale has been disposed off to the original vendor.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

23 BORROWINGS

	Group	
	2015 **$'000**	2014 $'000
Non-current		
Term loan A	**–**	11,862
Term loan B	**25,000**	–
Term loan C	**1,318**	–
Current portion	**(132)**	(988)
	26,186	10,874
Current		
Term loan D	**550**	716
Bank overdrafts	**2,013**	1,887
Bills payables	**2,280**	857
Trust receipts	**–**	1,014
Short term loans	**35,736**	40,535
Current portion of term loan	**132**	988
	40,711	45,997

The Group's borrowings are secured by legal mortgages over certain freehold properties (Note 11), leasehold land and buildings (Note 11), certain investment properties (Note 12), fixed deposits (Note 21) and a corporate guarantee from the Company.

23 BORROWINGS (cont'd)

Term loan A was also secured by the following:

(a) a debenture creating a fixed and floating charge over all the assets (excluding interest in and all dividends) of a subsidiary company;

(b) an assignment of all rights and benefits under all building and construction contract in relation to project;

(c) an assignment of all rights and benefits under all insurance policies (including contractors' all risk policy) over project;

(d) an assignment of all rights and benefits under any sale and purchase agreement in relation to the sale of units in an investment property;

(e) an assignment of all rights and benefits under any tenancy or lease agreement in relation to any and all units in an investment property; and

(f) a charge and assignment over the project account (and the monies deposited) for payments of all sale proceeds of the units in an investment property.

Term loan B is also secured by an assignment of all rights, title, benefits and interests in connection with any insurance policies, leases, tenancy agreements and/or sale and purchase agreements with respect to the investment property.

Term loan A was repayable in monthly instalments up to 2026. The term loan A bore interest rate of 1.75% per annum above the bank's Cost of Fund. The effective interest rate was 2.54% (2014: 2.01%) per annum. During the financial year, the Group has re-financed term loan A with term loan B with another bank.

Term loan B is repayable on 31 October 2018 or the date falling 3 years from the date of first drawdown of the term loan, whichever is earlier. The term loan B bears interest rate of 1.20% per annum above the Association of Banks in Singapore (ABS) Swap offer rate. The effective interest rate is 2.61% (2014: Nil) per annum.

Term loan C is repayable by 20 quarterly principal instalments. The first of principal instalment is to commence on 5 September 2016. The term loan C bears interest rate of 1.25% per annum above bank's Cost of Fund. The effective interest rate is 5.02% (2014: Nil) per annum.

Term loan D is repayable in monthly instalments up to 2019. The term loan D is callable term loan and therefore the amount is classified under current liabilities. The term loan D bears interest rate of 1.67% per annum below prevailing Commercial Property Rate. The effective interest rate is 3.23% (2014: 2.13%) per annum.

The bank overdrafts bear effective interest rates ranging from 4.50% to 5.00% (2014: 4.50% to 5.00%) per annum.

The bills payables bear effective interest rate of 3.60% (2014: 2.30%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

23 BORROWINGS (cont'd)

In 2014, the trust receipts bore effective interest rate of 3.00% per annum. The trust receipts was also secured by a Deed of Subordination of the Company's advances of $5,029,000 to a subsidiary company.

The short term loans bear effective interest rates ranging from 1.24% to 3.15% (2014: 0.89% to 3.15%) per annum.

The carrying amounts of current borrowings approximate their fair values at the end of the reporting period.

Based on discounted cash flows using market lending rate for similar borrowings which the management expects would be available to the Group at the end of the reporting period, the fair values of the non-current borrowings at the end of the reporting period approximate their carrying values as there are no significant changes in the interest rates available to the Group at the end of the reporting period. This fair value measurement for disclosure purposes is categorised in Level 3 of the fair value hierarchy.

Breach of loan covenant

Bank facility of a subsidiary company amounted to $4,000,000 (2014: $4,500,000) is subject to covenant clauses. In 2014, the subsidiary company did not fulfil the net tangible assets worth level of $15,000,000 as required in the banking facility agreement, of which the subsidiary company had currently drawn an amount of $3,000,000 (2014: $3,500,000). Due to this breach of the covenant clause, the bank was contractually entitled to request for immediate repayment of the outstanding loan amount of $3,500,000. The outstanding balance was presented as a current liability as at 31 December 2014. The bank had not requested for early repayment of the loan. During the current financial year, the breach was remedied as the bank has granted 2 years indulgence to the breach of the minimum net tangible assets worth of $15,000,000.

24 DUE TO CUSTOMERS ON CONSTRUCTION CONTRACTS

	Group	
	2015	2014
	$'000	$'000
Aggregate costs incurred to-date	–	156,193
Attributable losses recognised to-date	–	(17,617)
	–	138,576
Progress billings to-date	–	(139,098)
Due to customers on construction contracts	–	(522)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

25 TRADE PAYABLES

	Group	
	2015 **$'000**	2014 $'000
Third party payables	**22,777**	20,280
Related party payables	**34**	373
Sub-contractors' retention sum	**806**	534
	23,617	21,187

26 OTHER PAYABLES

	Group		Company	
	2015 **$'000**	2014 $'000	**2015** **$'000**	2014 $'000
Accrued operating expenses	**3,750**	3,459	**805**	229
Amounts due to subsidiary companies	**–**	–	**20,560**	18,599
Deposits received	**226**	355	**–**	–
Sundry payables	**493**	697	**12**	24
Advance rental received	**53**	47	**–**	–
Amount due to related party	**–**	3	**–**	–
	4,522	4,561	**21,377**	18,852

The amounts due to subsidiary companies and related party are non-trade in nature, unsecured, interest-free and payable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

27 HIRE PURCHASE PAYABLES

The Group leases certain plant and machinery and factory equipment and motor vehicles from non-related parties under hire purchase arrangements. The hire purchase payables of the Group are effectively secured over leased plant and machinery and factory equipment and motor vehicles, as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the hire purchase payable. The net carrying value of plant and machinery and factory equipment and motor vehicles acquired under hire purchase arrangements are disclosed in Note 11(vii). The hire purchase agreements have effective interest rates ranging from 2.81% to 6.14% (2014: 2.81% to 6.05%) per annum.

Future minimum lease payments under hire purchase arrangements together with the present value of the minimum lease payments are as follows:

	Group			
	2015		2014	
	Minimum lease payments	**Present value**	Minimum lease payments	Present value
	$'000	**$'000**	$'000	$'000
Not later than one financial year	**246**	**234**	1,458	1,380
Later than one financial year but not later than five financial years	**204**	**195**	548	523
Total minimum lease payments	**450**	**429**	2,006	1,903
Less: Future finance charges	**(21)**	**–**	(103)	–
Present value of minimum lease payments	**429**	**429**	1,903	1,903

Hire purchase liabilities of the Group are callable finance leases, therefore the amounts are classified under current liabilities.

Based on the discounted cash flows using market interest rates for similar finance lease agreements at the end of the reporting period, the fair values of finance lease liabilities at the end of the reporting period approximate their carrying amounts as the market interest rates at the end of the reporting period are close to the effective interest rates of the Group's existing finance lease liabilities. This fair value measurement for disclosure purposes is categorised in Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

28 DERIVATIVE FINANCIAL INSTRUMENTS

	Group					
	2015			2014		
	Contract/ Nominal amount	**Fair value**		Contract/ Nominal amount	Fair value	
		Assets	**Liabilities**		Assets	Liabilities
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Non-hedging instruments						
– Forward foreign exchange contracts	**3,097**	**–**	**162**	1,863	–	152

At the end of the reporting period, the Group's outstanding forward foreign exchange contracts are valued at the forward rates applicable to the remaining period to maturity of the contracts, and their fair values are estimated to be approximately $162,000 (2014: $152,000).

Loss in the fair value of non-hedging forward foreign exchange contracts amounting to $162,000 (2014: $152,000) has been recognised in profit or loss for the financial year.

29 SHARE CAPITAL

	Group and Company			
	2015		2014	
	Number of ordinary shares	**$'000**	Number of ordinary shares	$'000
At 1 January	**781,035,217**	**68,323**	781,035,217	68,323
Share consolidation	**(728,968,280)**	**–**	–	–
At 31 December	**52,066,937**	**68,323**	781,035,217	68,323

All issued shares are fully paid ordinary shares with no par value.

On 23 July 2015, the Company completed a share consolidation of every 15 existing issued ordinary shares into 1 consolidated ordinary share.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

30 SHARE OPTION RESERVE

Share option reserve is made up of the cumulative value of services received from employees recorded on grant of equity settled share options.

The Hor Kew Share Option Plans were approved by shareholders at an Extraordinary General Meeting of the Company held on 26 April 2006. On 11 May 2006, 8 July 2006 and 22 August 2007, a total of 25,438,500 share options (before adjusted for the share consolidation) were granted to the controlling shareholders and/or associates and general employees.

All employees, including executive and non-executive directors, controlling shareholders and/or their associates, are entitled to a grant of options once they have been in service for six months and the share options will vest if the respective party stays in service for a period of 2 to 4 years from the date of grant. The contractual life of the share options is 10 years and there are no cash settlement alternative.

The following table illustrates the number and weighted average exercise prices ("WAEP") of and movements in share options during the financial year:

	Group and Company			
	2015		2014	
	Number of share options	**WAEP**	Number of share options	WAEP
	'000	**$**	'000	$
At 1 January	**367**	**0.064**	374	0.066
Share consolidation	**(343)**	**–**	–	–
Lapsed	**(10)**	**0.837**	(7)	0.170
At 31 December	**14**	**1.035**	367	0.064

The range of exercise prices for share options at 31 December 2015 was $0.495 to $2.550 (2014: $0.033 to $0.170).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

31 OTHER RESERVES

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Asset revaluation reserve	**22,408**	20,928	**–**	–
Fair value reserve	**1**	10	**2**	6
Currency translation reserve	**(6,358)**	(3,167)	**–**	–
	16,051	17,771	**2**	6

Asset revaluation reserve

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
At 1 January	**20,928**	17,257	**–**	–
Revaluation gain on property, plant and equipment (Note 11)	**1,663**	4,228	**–**	–
Deferred tax liabilities on revaluation gain on property, plant and equipment (Note 16)	**(183)**	(557)	**–**	–
At 31 December	**22,408**	20,928	**–**	–

The asset revaluation reserve represents increase in fair value (net of tax) of freehold land, freehold properties, leasehold land and buildings under property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

31 Other reserves (cont'd)

Fair value reserve

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
At 1 January	**10**	18	**6**	9
Fair value loss on available-for-sale financial assets	**(9)**	(8)	**(4)**	(3)
At 31 December	**1**	10	**2**	6

Fair value reserve represents fair value adjustments on quoted equity securities classified as available-for-sale financial assets.

Currency translation reserve

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
At 1 January	**(3,167)**	(2,657)	**–**	–
Net currency translation differences of financial statements of foreign subsidiary companies	**(3,191)**	(510)	**–**	–
At 31 December	**(6,358)**	(3,167)	**–**	–

Currency translation reserve arises from the translation of foreign subsidiary companies' financial statements whose functional currencies are different from the presentation currency of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32 DIVIDENDS

	Group and Company	
	2015 **$'000**	2014 $'000
First and final tax exempt dividend of 0.25 cents per ordinary share for the financial year ended 31 December 2013	**–**	1,952

33 SEGMENTAL INFORMATION

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

(i) The property investment and development segment is involved in the development, sales and leasing of residential, commercial and industrial properties.

(ii) The construction segment is in the business of constructing residential, institutional, industrial and commercial properties as the main contractor.

(iii) The prefabrication segment is in the business of design, manufacture and sales of prestressed and reinforced concrete building components as well as prefabricated architectural metal components.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33 SEGMENTAL INFORMATION (cont'd)

The segment information provided to management for the operating segments are as follows:

2015

	Property investment and development $'000	Construction $'000	Prefabrication $'000	Others $'000	Eliminations $'000	Consolidated $'000
Revenue:						
Sales to external customers	2,366	18,124	59,018	–	–	79,508
Intersegment sales	–	194	14,922	2,567	(17,683)	–
Total revenue	2,366	18,318	73,940	2,567	(17,683)	79,508
Results:						
Segment profit/(loss)	42	(6,886)	4,779	(488)	–	(2,553)
Tax credit						513
Loss for the financial year						(2,040)
Other significant non-cash expenses:						
Allowance for doubtful receivables	–	–	260	–	–	260
Depreciation of property, plant and equipment	–	132	3,566	389	–	4,087
Fair value loss on derivative financial instruments	81	81	–	–	–	162
Fair value loss on investment properties	304	65	–	–	–	369
Impairment loss on available-for-sale financial assets	–	318	–	4	–	322
Inventories written down	–	–	4	–	–	4
Property, plant and equipment written off	–	108	–	–	–	108
Segment assets	92,209	7,827	78,312	12,833	–	191,181
Unallocated assets						133
Total assets						191,314
Segment assets includes:						
Additions to non-current assets	–	2	7,500	1	–	7,503
Segment liabilities	26,076	46,537	22,195	819	–	95,627
Unallocated liabilities						2,881
Total liabilities						98,508

33 SEGMENTAL INFORMATION (cont'd)

The segment information provided to management for the operating segments are as follows (cont'd):

2014

	Property investment and development $'000	Construction $'000	Prefabrication $'000	Others $'000	Eliminations $'000	Consolidated $'000
Revenue:						
Sales to external customers	1,590	33,147	36,817	–	–	71,554
Intersegment sales	–	2,791	13,691	4,380	(20,862)	–
Total revenue	1,590	35,938	50,508	4,380	(20,862)	71,554
Results:						
Segment profit/(loss)	4,113	(19,549)	(1,342)	1,038	–	(15,740)
Tax credit						3,239
Loss for the financial year						(12,501)
Other significant non-cash income:						
Fair value gain/(loss) on investment properties	3,699	(15)	–	–	–	3,684
Other significant non-cash expenses:						
Allowance for doubtful receivables	–	35	449	–	–	484
Depreciation of property, plant and equipment	–	1,394	3,304	362	–	5,060
Fair value loss on derivative financial instruments	76	76	–	–	–	152
Impairment loss on available-for-sale financial assets	–	407	–	2	–	409
Impairment loss on club membership	–	2	–	–	–	2
Segment assets	101,763	10,023	61,288	12,609		185,683
Unallocated assets						4
Total assets						185,687
Segment assets includes:						
Additions to non-current assets	–	188	2,533	2	–	2,723
Segment liabilities	13,122	56,468	15,350	256	–	85,196
Unallocated liabilities						3,925
Total liabilities						89,121

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33 SEGMENTAL INFORMATION (cont'd)

Segment results

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Income taxes are managed on a group basis and are not allocated to operating segments. Sales between operating segments are on terms agreed by the group companies concerned.

Segment assets

The amounts provided to the management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments other than deferred tax assets and tax recoverable which are classified as unallocated assets.

Segment liabilities

The amounts provided to the management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than deferred tax liabilities and tax payables. These liabilities are classified as unallocated liabilities.

Geographical information

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

	Sales to external customers		Non-current assets	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Singapore	**79,508**	71,554	**64,557**	65,607
The People's Republic of China	**–**	–	**1,178**	1,243
Malaysia	**–**	–	**18,419**	14,891
	79,508	71,554	**84,154**	81,741

Non-current assets information presented above are non-current assets as presented on the statement of financial position excluding financial instruments and deferred tax assets.

33 SEGMENTAL INFORMATION (cont'd)

Information about major customers

Revenue from major customers which amounts to more than 10% of the Group's revenue are as follows:

		Group	
		2015 **$'000**	2014 $'000
Construction segment	– 1 (2014: 1) external customer	**18,124**	33,147
Prefabrication segment	– 2 (2014: Nil) external customers		
– Customer 1		**13,031**	–
– Customer 2		**10,070**	–
		41,225	33,147

34 COMMITMENTS

Capital commitments

Capital commitments contracted for but not provided for in the financial statements:

	Group	
	2015 **$'000**	2014 $'000
Expenditure for purchase of property, plant and equipment	**4,953**	6,812

Operating lease commitments - where the Group is a lessee

The Group leases land and buildings under non-cancellable operating lease arrangements. The leases, which have renewal options, expire at various dates in 2020 and 2027.

The Group also leases office equipment under non-cancellable operating lease arrangements, which do not have purchase nor renewal options.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34 COMMITMENTS (cont'd)

Commitments in relation to non-cancellable operating leases contracted for at the end of the reporting period, but not recognised as liabilities, are as follows:

	Group	
	2015	2014
	$'000	$'000
Not later than one financial year	**425**	804
Later than one financial year but not later than five financial years	**1,447**	1,726
Later than five financial years	**1,149**	1,295
	3,021	3,825

Lease term does not contain restrictions on the Group's activities concerning dividends and additional debt.

Operating lease commitments - where the Group is a lessor

The Group leases out commercial office units to non-related parties under non-cancellable operating lease arrangements.

The future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period, but not recognised as receivables, are as follows:

	Group	
	2015	2014
	$'000	$'000
Not later than one financial year	**458**	845
Later than one financial year but not later than five financial years	**95**	267
Later than five financial years	**–**	23
	553	1,135

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

35 CONTINGENT LIABILITIES

	Company	
	2015 **$'000**	2014 $'000
Guarantees issued for banking and hire purchase facilities granted to subsidiary companies	**185,282**	168,938
Amounts of banking facilities utilised by subsidiary companies	**68,761**	60,822

Management has assessed the fair values of these financial guarantees to have no material financial impact on the financial performance for the financial years ended 31 December 2015 and 31 December 2014.

36 RELATED PARTY TRANSACTIONS

(a) In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, who are not members of the Group during the financial year on terms agreed by the parties concerned:

	Group	
	2015 **$'000**	2014 $'000
Purchases of goods from related parties	**900**	2,090
Maintenance fee charged by a related party	**–**	15

Related parties comprise mainly companies which are controlled by the Company's directors and their close family members.

NOTES TO THE FINANCIAL STATEMENTS
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36 RELATED PARTY TRANSACTIONS (cont'd)

(b) Key management personnel compensation

Total key management personnel compensation is analysed as follows:

	Group	
	2015	2014
	$'000	$'000
Directors of the Company:		
– short-term employee benefits	**1,702**	1,229
– contribution to defined contribution plans	**40**	42
– other employment benefits	**502**	1,575
– directors' fees	**98**	98
	2,342	2,944
Other key management personnel:		
– short-term employee benefits	**776**	776
– contribution to defined contribution plans	**36**	37
	812	813
	3,154	3,757

Other employment benefits include a lump sum death gratuity paid/payable to the former directors in recognition of their past years of services and contributions to the Group.

In addition, benefits in kind amounting to $19,000 (2014: $20,000) are in respect of motor vehicles used by the directors and key management of the Group.

36 RELATED PARTY TRANSACTIONS (cont'd)

(b) Key management personnel compensation (cont'd)

The number of directors and other key management personnel, and their remuneration bands (exclude death gratuity mentioned above) are as follows:

	Number of directors		Number of other key management personnel	
	2015	2014	**2015**	2014
$750,000 to below $1,000,000	**1**	1	**–**	–
$500,000 to below $750,000	**1**	–	**–**	–
$250,000 to below $500,000	**–**	–	**1**	–
Below $250,000	**5**	7	**3**	4
	7	8	**4**	4

The remuneration of key management personnel is determined by the Remuneration Committee, having regard to the performance of individuals and market trends. Included in the number of other key management personnel is a resigned staff during the financial year.

37 FINANCIAL INSTRUMENTS

Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Financial assets:				
Trade receivables	**29,934**	20,113	**–**	–
Other receivables	**1,602**	2,226	**39,317**	40,194
Cash and cash equivalents	**38,219**	38,173	**250**	6
Loans and receivables	**69,755**	60,512	**39,567**	40,200
Available-for-sale financial assets	**64**	414	**14**	27

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

37 FINANCIAL INSTRUMENTS (cont'd)

Categories of financial instruments (cont'd)

Financial instruments at their carrying amounts at the end of the reporting period are as follows (cont'd):

	Group		Company	
	2015 **$'000**	2014 $'000	**2015** **$'000**	2014 $'000
Financial liabilities:				
Trade payables	**23,617**	21,187	**–**	–
Other payables	**4,385**	4,444	**21,359**	18,835
Borrowings	**66,897**	56,871	**–**	–
Hire purchase payables	**429**	1,903	**–**	–
Financial liabilities at amortised cost	**95,328**	84,405	**21,359**	18,835
Derivative financial instruments	**162**	152	**–**	–

Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from the operations and the use of financial instruments. The key financial risks include foreign currency risk, credit risk, interest rate risk, liquidity risk and market price risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

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.

37 FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

Foreign currency risk

The Group has currency exposures arising from transactions, assets and liabilities that are denominated in currencies other than the respective functional currencies of the entities in the Group. The foreign currencies in which the Group's currency risk arises are Australian dollar ("AUD") and Singapore dollar ("SGD"). The Group does not hedge its net position.

The Company and its subsidiary companies maintain their respective books and accounts in their functional currencies. As a result, the Group is subjected to transaction and translation exposures resulting from currency exchange rate fluctuations. However, to minimise such foreign currency exposures, the Group uses currency borrowings and natural hedges.

At the end of the reporting period, the Group has the following significant financial assets and financial liabilities denominated in foreign currencies based on information provided to key management.

	2015		2014	
	AUD $'000	**SGD $'000**	AUD $'000	SGD $'000
Group				
Cash and cash equivalents	**33,334**	**–**	33,989	–
Forward foreign exchange contracts	**3,097**	**–**	1,863	–
Trade and other receivables	**–**	**1,865**	–	1,065
Trade and other payables	**–**	**(11,150)**	–	(8,734)
Net financial assets/(liabilities) denominated in foreign currency	**36,431**	**(9,285)**	35,852	(7,669)

NOTES TO THE FINANCIAL STATEMENTS

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37 FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

Foreign currency risk (cont'd)

The following table demonstrates the sensitivity to a reasonably possible change in the AUD and SGD exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant, of the Group's profit after tax:

	Group	
	2015	2014
	$'000	$'000
AUD/SGD		
– strengthened 5% (2014: 5%)	**1,822**	1,793
– weakened 5% (2014: 5%)	**(1,822)**	(1,793)
SGD/Malaysian Ringgit		
– strengthened 5% (2014: 5%)	**(348)**	(288)
– weakened 5% (2014: 5%)	**348**	288

Credit risk

Credit risk is the risk that companies and other parties will be unable to meet their obligations to the Group. The Group manages such risk by dealing with a diversity of credit-worthy counterparties to mitigate any significant concentration of credit risk. Credit policy includes assessing and evaluation of existing and new customers' credit reliability and monitoring of receivable collections.

At the end of the reporting period, the Group has significant credit risk exposures mainly arising on trade receivables. Approximately 40% (2014: 11%) of the Group's trade receivables were due from 3 (2014: 1) major customers located in Singapore. The Company has significant credit risk exposures arising on amounts due from subsidiaries of $39,060,000 (2014: $40,189,000) which represented 99% (2014: 99%) of total receivables.

37 FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of each financial assets presented on the statement of financial position and the amount of $68,761,000 (2014: $60,822,000) relating to corporate guarantees given by the Company to banks and hire purchase financial institutions for the subsidiary companies' bank borrowings and hire purchase facilities (Note 35).

(i) Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy receivables with good payment record with the Group and the Company. Cash and cash equivalents that are neither past due nor impaired are placed with reputable financial institutions which are regulated and have good credit standing.

(ii) Financial assets that are either past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables and other receivables.

Information regarding financial assets that are either past due and/or impaired is disclosed in Notes 14 and 19 respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Company has no significant interest-bearing assets and liabilities. The Group's exposure to interest rate risk arises primarily from their borrowings, hire purchase payables and deposits placed with the financial institutions. Borrowings at variable rates expose the Group to cash flow interest rate risk (i.e. the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates). Borrowings and hire purchase payables at fixed rates expose the Group to fair value interest rate risk (i.e. the risk that the value of a financial instrument will fluctuate due to changes in market rates).

The Group's policy is to obtain the most favourable interest rates available and manage interest costs using a mix of fixed and floating rate debts depending on market and economic conditions. For interest income from deposits, the Group and the Company manage interest rate risks by placing deposits with reputable financial institutions on varying maturities and interest rate terms.

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37 FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

Interest rate risk (cont'd)

As the Group has no significant interest-bearing assets at variable rates, the Group's income is substantially independent of changes in market interest rates.

Sensitivity analysis for interest rate risk

The sensitivity analysis below have been determined based on the exposure to interest rates for borrowings at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of borrowings that have floating rates.

The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD. If the SGD interest rates increase/decrease by 100 (2014: 100) basis points with all other variables including tax rate being held constant, the profit after tax of the Group will be lower/higher by $596,000 (2014: $491,000) as a result of higher/lower interest expense on these borrowings.

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 arise primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's and the Company's objective are to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. Short term funding is obtained from bank overdrafts and revolving credit facilities.

NOTES TO THE FINANCIAL STATEMENTS
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37 FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's non-derivative financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	1 year or less	1 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
Group				
2015				
Trade payables	23,617	–	–	23,617
Other payables	4,385	–	–	4,385
Hire purchase payables	246	204	–	450
Borrowings	41,000	27,737	132	68,869
	69,248	**27,941**	**132**	**97,321**
2014				
Trade payables	21,187	–	–	21,187
Other payables	4,444	–	–	4,444
Hire purchase payables	1,458	548	–	2,006
Borrowings	45,690	5,241	7,412	58,343
	72,779	5,789	7,412	85,980
Company				
2015				
Other payables	21,359	–	–	21,359
Financial guarantee contracts (Note 35)	68,761	–	–	68,761
	90,120	**–**	**–**	**90,120**
2014				
Other payables	18,835	–	–	18,835
Financial guarantee contracts (Note 35)	60,822	–	–	60,822
	79,657	–	–	79,657

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

37 FINANCIAL INSTRUMENTS (cont'd)

Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

At the end of the reporting period, the Company does not consider it probable that a claim will be made against the Company under the intragroup financial guarantee.

The table below analyses the Group's derivative financial instruments for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groups based on the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Group	
	Less than 1 year	
	2015	2014
	$'000	$'000
Gross - settled currency forwards		
– Receipts	**2,935**	1,711
– Payments	**(3,097)**	(1,863)

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 mainly to the market price risk arising from changes in equity price of its investment in quoted securities. These instruments are classified as available-for-sale financial assets. The Group does not have exposure to commodity price risk.

The Group's objective is to manage investment returns and equity price risk by monitoring the fluctuations in the price of the quoted securities and the dividend yields.

The sensitivity analysis for market price risk is not disclosed as the effect on the profit or loss and other comprehensive income/fair value reserve is considered not significant.

38 FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

(i) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and

(iii) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) Fair value measurements of assets and liabilities that are measured at fair value

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value on the statement of financial position at the end of the reporting period:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2015				
Group				
Financial assets				
Available-for-sale financial assets				
– Quoted equity securities	**64**	**–**	**–**	**64**
Non-financial assets				
Property, plant and equipment				
– Freehold properties	–	–	28,898	28,898
– Leasehold land and buildings	–	–	15,200	15,200
Investment properties				
– Freehold properties	–	–	34,402	34,402
– Leasehold properties	–	–	1,178	1,178
Total non-financial assets	**–**	**–**	**79,678**	**79,678**
Financial liabilities				
Derivative financial instruments				
– Forward foreign exchange contracts	**–**	**162**	**–**	**162**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

38 FAIR VALUE OF ASSETS AND LIABILITIES (cont'd)

(b) Fair value measurements of assets and liabilities that are measured at fair value (cont'd)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2015				
Company				
Financial assets				
Available-for-sale financial assets				
– Quoted equity securities	**14**	**–**	**–**	**14**
2014				
Group				
Financial assets				
Available-for-sale financial assets				
– Quoted equity securities	414	–	–	414
Non-financial assets				
Property, plant and equipment				
– Freehold land	–	–	4,715	4,715
– Freehold properties	–	–	20,607	20,607
– Leasehold land and buildings	–	–	14,700	14,700
Investment properties				
– Freehold properties	–	–	34,772	34,772
– Leasehold properties	–	–	1,243	1,243
Total non-financial assets	–	–	76,037	76,037
Financial liabilities				
Derivative financial instruments				
– Forward foreign exchange contracts	–	152	–	152
Company				
Financial assets				
Available-for-sale financial assets				
– Quoted equity securities	27	–	–	27

38 FAIR VALUE OF ASSETS AND LIABILITIES (cont'd)

(b) Fair value measurements of assets and liabilities that are measured at fair value (cont'd)

Fair values have been determined for measurement purposes based on the following methods:

Quoted equity securities

The fair value of financial instruments traded in active markets (such as held for trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. These instruments are included in Level 1.

Property, plant and equipment

The basis of determining fair values for measurement at the end of the reporting period is disclosed in Note 11.

Investment properties

The basis of determining fair values for measurement at the end of the reporting period is disclosed in Note 12.

Derivative financial instruments

The fair values of forward foreign exchange contracts (Level 2 fair values) are based on the reputable financial institutions' valued at the market forward rates applicable to the remaining period to maturity of the contracts.

(c) Assets and liabilities not carried at fair value but which fair values are disclosed

The carrying amounts of non-current trade receivables, non-current borrowings and hire purchase payables approximate their fair values at the end of the reporting period, as the market lending rates at the end of the reporting period were not significantly different from either their respective coupon rates of the agreements or market lending rate at the initial measurement date.

The basis of determining fair values for disclosure purposes at the end of the reporting period are disclosed in Notes 14, 23 and 27 respectively.

The above does not include financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

38 FAIR VALUE OF ASSETS AND LIABILITIES (cont'd)

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

The following table shows a reconciliation from the beginning balances to the ending balances for Level 3 fair value measurements:

	Property, plant and equipment		Investment properties	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Balance at beginning of financial year	**40,022**	37,960	**36,015**	32,331
Gains recognised in other comprehensive income before tax	**1,663**	4,228	**–**	–
Fair value (loss)/gain recognised in profit or loss	**–**	–	**(369)**	3,684
Currency translation differences	**(1,095)**	(167)	**–**	–
Disposals	**–**	(6)	**–**	–
Costs adjustments	**(23)**	–	**(66)**	–
Reclassifications	**5,795**	(35)	**–**	–
Depreciation charge	**(2,264)**	(1,958)	**–**	–
Balance at end of financial year	**44,098**	40,022	**35,580**	36,015
Total gains/(losses) for the financial year included in:				
Profit or loss:				
Other income - fair value gain on investment properties	**–**	–	**–**	3,684
General and administrative expenses - fair value loss on investment properties	**–**	–	**(369)**	–
Other comprehensive income for the year, net of tax:				
Revaluation gain on property, plant and equipment	**1,480**	3,671	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

38 FAIR VALUE OF ASSETS AND LIABILITIES (cont'd)

(e) **Valuation process applied by the Group**

The fair values of property, plant and equipment (i.e. freehold land, freehold properties and leasehold land and buildings) and investment properties are determined by independent professional valuers, having appropriate professional qualifications and experience in the category of property being valued at the end of the reporting period. The valuation reports and changes in fair value measurements are analysed and reported to the Audit Committee and Board of Directors.

39 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares or obtain new borrowings.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2015 and 31 December 2014.

The Group and the Company monitor capital using a gearing ratio, which is net debts divided by total capital plus net debts. The Group and the Company include within net debts, borrowings, trade and other payables, hire purchase payables, less cash and cash equivalents. Capital represents equity attributable to equity holders of the Company. The Group's and the Company's policy is to keep the gearing ratio below 100%, as shown below:

	Group		Company	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Borrowings	**66,897**	56,871	**–**	–
Trade and other payables	**28,139**	25,748	**21,377**	18,852
Hire purchase payables	**429**	1,903	**–**	–
Cash and cash equivalents	**(38,219)**	(38,173)	**(250)**	(6)
Net debts	**57,246**	46,349	**21,127**	18,846
Total equity	**92,806**	96,566	**63,924**	71,752
Capital and net debts	**150,052**	142,915	**85,051**	90,598
Gearing ratio	**38%**	32%	**25%**	21%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

39 CAPITAL MANAGEMENT (cont'd)

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2015 and 31 December 2014 except for breach of loan covenant as disclosed in Note 23.

40 AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors dated 31 March 2016.

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2016

Issued and Fully Paid-up Capital	:	$68,323,493
Number of Shares	:	52,066,937
Class of Shares	:	Ordinary shares
Voting Rights	:	One (1) vote per share
Ordinary shares held as treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	1,100	19.88	71,048	0.14
100 - 1,000	2,816	50.89	930,034	1.79
1,001 - 10,000	1,402	25.33	4,521,445	8.68
10,001 - 1,000,000	210	3.79	13,852,216	26.60
1,000,001 AND ABOVE	6	0.11	32,692,194	62.79
TOTAL	**5,534**	**100.00**	**52,066,937**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	HOR KEW HOLDINGS PTE LTD	17,093,821	32.83
2	AW LENG HWEE	4,476,159	8.60
3	AW HOON HUI	3,383,919	6.50
4	AW KHOON HWEE	3,383,145	6.50
5	AW SOON HWEE	3,327,746	6.39
6	LIU GANG	1,027,404	1.97
7	AW LAY SIM	956,143	1.84
8	AU YONG EANG	833,333	1.60
9	LIM WAI SEONG	754,733	1.45
10	PHILLIP SECURITIES PTE LTD	446,304	0.86
11	RAFFLES NOMINEES (PTE) LIMITED	427,711	0.82
12	KHO CHUAN THYE PATRICK	405,333	0.78
13	OCBC SECURITIES PRIVATE LIMITED	370,848	0.71

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2016

NO.	NAME	NO. OF SHARES	%
14	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	331,399	0.64
15	DBS NOMINEES (PRIVATE) LIMITED	300,464	0.58
16	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	273,132	0.52
17	AW GEOK MUI	264,759	0.51
18	AW LAY CHOO	264,759	0.51
19	AW LAY TIN	264,759	0.51
20	AW YING YING ELICIA	253,532	0.49
	TOTAL	**38,839,403**	**74.61**

PERCENTAGE OF SHAREHOLDING HELD BY THE PUBLIC

Based on information available to the Company, as at 18 March 2016, approximately 35.07% of the issued ordinary shares of the Company are held by the public. Accordingly, Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited has been complied with.

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders as at 18 March 2016 as shown in the Register of Substantial Shareholders are:

	Number of Shares			
Name	**Direct Interest**	**Deemed Interest**	**Total**	**%**
Hor Kew Holdings Pte Ltd	17,093,821	–	17,093,821	32.83
Estate of Late Aw Leng Hwee	4,529,492 (2)	17,093,821 (1)	21,623,313	41.53
Aw Khoon Hwee	3,383,145	17,093,821 (1)	20,476,966	39.33
Estate of Late Aw Hoon Hui	3,383,919	17,093,821 (1)	20,477,740	39.33
Aw Soon Hwee	3,327,746	–	3,327,746	6.39

Note 1: Aw Leng Hwee (deceased), Aw Khoon Hwee and Aw Hoon Hui (deceased) are deemed to have an interest in 17,093,821 shares held by Hor Kew Holdings Pte Ltd by virtue of Section 7 of the Companies Act, Cap.50.

Note 2: Include 53,333 shares held in the name of United Overseas Bank Nominees Pte Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of Hor Kew Corporation Limited (the "Company") will be held at 66 Kallang Pudding Road, #07-01 Hor Kew Business Centre, Singapore 349324 on Thursday, 28 April 2016 at 9.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2015 and the Independent Auditor's Report thereon. **(Resolution 1)**

2. To re-elect the following Directors who will retire by rotation pursuant to Article 91 of the Constitution of the Company and who, being eligible, will offer themselves for re-election:

   (a) Mr Benjamin Aw Chi-Ken **(Resolution 2)**
   (b) Mr William Chew Yew Meng **(Resolution 3)**

   Mr William Chew Yew Meng will, upon re-election as Director of the Company, continue to serve as Chairman of the Remuneration and Nominating Committees and remain as a member of the Audit Committee. He is considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

3. To approve the payment of Directors' fees of S$97,500 for the financial year ended 31 December 2015 (2014: S$97,500). **(Resolution 4)**

4. To re-appoint Baker Tilly TFW LLP as Independent Auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

5. To transact any other ordinary business that may be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

6. That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors of the Company to: **(Resolution 6)**

   (1) (a) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

   (b) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares;

NOTICE OF ANNUAL GENERAL MEETING

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(2) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares excluding treasury shares in the capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares excluding treasury shares in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage 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 this Resolution is passed, after adjusting for:

  (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed; and

  (ii) any subsequent bonus issue, consolidation or sub-division of shares;

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

(d) the authority conferred by this Resolution shall, unless revoked or varied by the Company in 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 the earlier.
[See Explanatory Note (1)]

NOTICE OF ANNUAL GENERAL MEETING

7. That the Directors of the Company be and are hereby authorised to: **(Resolution 7)**

   (a) offer and grant options in accordance with the provisions of the Hor Kew Share Option Scheme ("**Share Option Scheme**") and/or grant awards in accordance with the provisions of the Hor Kew Performance Share Plan ("**Share Plan**"); and

   (b) allot and issue from time to time such number of fully paid shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the Share Option Scheme and/or such number of fully paid shares as may be required to be issued pursuant to the vesting of awards under the Share Plan,

   provided always that the aggregate number of shares to be issued pursuant to the Share Option Scheme and the Share Plan shall not exceed 15% of the total number of issued shares excluding treasury shares in the capital of the Company from time to time.
   [See Explanatory Note (2)]

By Order of the Board

Koh Geok Hoon, Judy (Ms)
Koh Ee Koon (Ms)
Joint Company Secretaries

Singapore
13 April 2016

NOTES

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shares to be represented by each proxy.

2. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, a member who is a relevant intermediary (as defined therein) is entitled to appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

NOTICE OF ANNUAL GENERAL MEETING

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

4. The instrument or form appointing a proxy or proxies, duly executed, must be deposited at the Company's registered office at 66 Kallang Pudding Road, #07-01 Hor Kew Business Centre, Singapore 349324 not less than 48 hours before the time for holding the above Annual General Meeting.

EXPLANATORY NOTES IN RELATION TO SPECIAL BUSINESS

(1) The proposed Ordinary Resolution 6, if passed, will empower the Directors from the date of this Annual General Meeting until the next Annual General Meeting, to allot and issue new shares and/or convertible securities in the Company up to a number not exceeding in total 50% of the issued shares excluding treasury shares in the capital of the Company for the time being for such purposes as they consider would be in the interest of the Company, provided that the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders pursuant to this Resolution shall not exceed 20% of the issued shares excluding treasury shares in the capital of the Company for the time being, calculated as described in the Resolution.

(2) The proposed Ordinary Resolution 7, if passed, will empower the Directors to offer and grant options and/or grant awards and to allot and issue shares in the capital of the Company pursuant to the Share Option Scheme and the Share Plan provided that the aggregate number of shares available under the Share Option Scheme and the Share Plan does not exceed 15% of the total number of issued shares excluding treasury shares from time to time.

PERSONAL DATA PRIVACY

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

HOR KEW CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
Company Reg. No. 199903415K

PROXY FORM

Annual General Meeting

IMPORTANT:

1. A relevant intermediary my appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 3 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. Please read the notes to the Proxy Form.

I/We, ____ (Name)

of ____ (Address)

being a member/members of Hor Kew Corporation Limited (the "Company"), hereby appoint

	Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)
(a)				
and/or (delete as appropriate)				
(b)				

or failing him/them, the Chairman of the Annual General Meeting ("**AGM**"), as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM of the Company to be held at 66 Kallang Pudding Road, #07-01 Hor Kew Business Centre, Singapore 349324 on Thursday, 28 April 2016 at 9.00 a.m. and at any adjournment thereof. I/we direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. In the absence of specific directions, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the AGM.

No	**RESOLUTIONS RELATING TO:**	**FOR***	**AGAINST***
	Ordinary Business		
1	Directors' Statement and Financial Statements for the year ended 31 December 2015		
2	Re-election of Mr Benjamin Aw Chi-Ken as a Director		
3	Re-election of Mr William Chew Yew Meng as a Director		
4	Approval of Directors' Fees		
5	Re-appointment of Baker Tilly TFW LLP as Independent Auditor		
	Special Business		
6	Authority to Directors to issue shares and/or convertible securities		
7	Authority to Directors to offer and grant options and/or grant awards and allot and issue shares pursuant to the Hor Kew Share Option Scheme and Hor Kew Performance Share Plan		

* Voting on all the Resolutions proposed at the AGM will be conducted by poll. Please indicate your votes "For" or "Against" the relevant Resolution with a tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ______________ day of ______________ 2016

____

Signature of Individual Shareholder/
Common Seal of Corporate Shareholder

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

Notes:

1. A member of the Company entitled to attend and vote at the above Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead.
2. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's opinion to treat this proxy form as invalid.
3. A member who is a relevant intermediary entitled to attend and vote at the Meeting is entitled to appoint more than two proxies to attend and vote at the Meeting instead of such member, but each such proxy must be appointed to exercise the rights attached to a different share or shares held such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50 of Singapore
4. A proxy need not be a member of the Company.
5. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register, 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. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.
6. This proxy form must be deposited at the Company's registered office at 66 Kallang Pudding Road, #07-01 Hor Kew Business Centre, Singapore 349324 not less than 48 hours before the time fixed for holding the Annual General Meeting.

fold along this line (1)

Please affix postage stamp

The Company Secretary
Hor Kew Corporation Limited
66 Kallang Pudding Road
#07-01 Hor Kew Business Centre
Singapore 349324

fold along this line (2)

7. This proxy form must be under the hand of the appointor or of his/her attorney duly authorized in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorized officer.
8. Where this proxy form is signed on behalf of the appointor by an attorney, the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

General:

The Company shall be entitled to reject this instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By attending the Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2016.

Hor Kew Corporation Limited
Company Reg No.: 199903415K

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