LAFÉ

LAFE CORPORATION LIMITED

2014
ANNUAL
REPORT



LAFE CORPORATION LIMITED

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BOARD OF DIRECTORS

Mr. Christopher Ho Wing-On
Chairman

Mr. Will, Eduard William Rudolf Helmuth
Deputy Chairman

Mr. Kenny Suen Wai Cheung
Mr. Paul Law Kwok Fai
Mr. Shum Sze Keong
Mr. Ricky Sim Eng Huat *(appointed on 28 April 2014)*
Mr. Lew Syn Pau *(retired on 28 April 2014)*

AUDIT COMMITTEE

Mr. Will, Eduard William Rudolf Helmuth
Chairman

Mr. Shum Sze Keong
Mr. Ricky Sim Eng Huat

ASSET MANAGEMENT COMMITTEE

Mr. Paul Law Kwok Fai
Chairman

Mr. Kenny Suen Wai Cheung
Mr. Will, Eduard William Rudolf Helmuth

NOMINATING COMMITTEE

Mr. Shum Sze Keong
Chairman

Mr. Will, Eduard William Rudolf Helmuth
Mr. Ricky Sim Eng Huat

REMUNERATION COMMITTEE

Mr. Shum Sze Keong
Chairman

Mr. Will, Eduard William Rudolf Helmuth
Mr. Ricky Sim Eng Huat

KEY EXECUTIVES

Mr. Christopher Ho Wing-On
Chairman

Mr. Paul Law Kwok Fai
Executive Director, Operations

Mr. Paul Francis Gregory Binney
Chief Financial Officer and Company Secretary

Mr. Kenny Suen Wai Cheung
Executive Director, Lafe (Emerald Hill) Development Pte. Ltd., Vice Chairman and Chief Executive Officer, Vigers Group

Mr. Raymond Ho Kai Kwong
Managing Director, Vigers Group

Ms. Bianca Leung Lai Sheung
Executive Director and CEO, Hong Kong, Vigers Asia Pacific Limited

Mr. David Cheung Wang Ip
Executive Director, Vigers Appraisal and Consulting Limited and Vigers Macao Company Limited

AUDITORS

Baker Tilly TFW LLP
600 North Bridge Road
Unit #05-01 Parkview Square
Singapore 188778
Partner-in-charge: Mr. Sim Guan Seng
(appointed with effect from financial year ended 31 December 2011)

COMPANY SECRETARY

Mr. Paul Francis Gregory Binney

ASSISTANT COMPANY SECRETARY

Ms. Linda Longworth
International Managers Bermuda Ltd.

CORPORATE OFFICE IN SINGAPORE

57 Cantonment Road
Singapore 089755
Tel: (65) 6430 0680
Fax: (65) 6224 7698

REGISTERED OFFICE

Wessex House
45 Reid Street
Hamilton HM 12
Bermuda

BERMUDA REGISTRAR AND SHARE TRANSFER OFFICE

International Managers Bermuda Ltd.
Wessex House
45 Reid Street
Hamilton HM 12
Bermuda

SINGAPORE SHARE TRANSFER AGENT

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902
Tel: (65) 6228 0530

COMPANY'S WEBSITE

www.lafecorporation.com

I am pleased to present the results of the Group for the financial year ended 31 December 2014.

BUSINESS REVIEW

Statement of Comprehensive Income

The operations of the Group comprise property investment, property development and property agency and consultancy services. The revenue for 2014 consisted of revenue generated from the property agency and consultancy services and rental and other service fees income.

The Group's revenue increased by US$0.5 million from US$13.2 million for 2013 to US$13.7 million for 2014. The increase was mainly attributable to an increase in rental income and the service income generated from the new venture business as described below.

Cost of sales increased by US$1.4 million from US$9.6 million for 2013 to US$11.0 million for 2014. Certain payroll and depreciation expenses in aggregate amounting to US$2.1 million for 2014, in relation to the Group's new venture business of providing close protection services, have been reclassified from administrative expenses to cost of sales. The reclassification was made consequent upon the decision of management to formally branch its business into such business segment in parallel with the long-established security services provided by the Vigers Group. The business commands a very high calibre of frontline employees and will require some time to nurture before its fruition. The corresponding revenue generated for 2014 was US$0.8 million, resulting in gross loss of US$1.3 million.

The Group recorded a gross profit of US$2.7 million for 2014 as compared to US$3.6 million for 2013, a decrease of US$0.9 million as explained in the preceding paragraphs.

The Group had other net loss of US$51.0 million for 2014 as compared to US$7.3 million for 2013. In 2014, the other net loss comprised mainly the decrease in fair value of investment property of US$38.9 million, realised loss of US$4.8 million on partial disposals of the investment property, extension fees of US$4.2 million paid to the Singapore Land Authority for the investment property and the net foreign exchange loss of US$3.5 million arising from translating the monetary items denominated in foreign currencies and interest income of US$0.4 million.

Administrative costs decreased by US$1.7 million from US$13.0 million for 2013 to US$11.3 million for 2014. The decrease was mainly attributable to the reclassification of certain expenses in relation to the Group's new venture business to cost of sales as described above.

Finance costs decreased by US$0.7 million from US$1.7 million for 2013 to US$1.0 million for 2014. The decrease was mainly attributable to the decrease in the loan interest for the investment property and the interest on borrowings from a related company.

The Group's loss before taxation from operations for 2014 was US$60.7 million, as compared to US$18.4 million for 2013, an increase of US$42.3 million, as explained in the preceding paragraphs.

Taxation in 2014 was represented by the reduction in the deferred tax provision of US$9 million arising from the diminution in the fair value of the investment property and the investment property units sold.

As a result of the above, the Group's net loss for 2014 was US$51.7 million as compared to US$16.8 million for 2013.

Other comprehensive gain of US$0.1 million was recognised in 2014 on currency translation differences on consolidation of foreign subsidiaries compared to a loss of US$1.9 million in 2013.

Revaluation gain of US$1.0 million was recognised in other comprehensive income for the year based on the valuation performed by an independent professional valuer on the Singapore office compared to US$0.5 million in 2013.

As a result of the above, the Group's total comprehensive loss for the year was US$50.6 million as compared to US$18.1 million for 2013.

Statement of Financial Position

Property, plant and equipment increased by US$0.7 million from US$5.3 million as at 31 December 2013 to US$6.0 million as at 31 December 2014. The increase was mainly due to a revaluation gain of US$1.0 million recognised during the financial period. The revaluation gain was recognised based on the valuation performed by an independent professional valuer.

Investment in associate decreased from US$0.1 million as at 31 December 2013 to nil as at 31 December 2014. The decrease was attributable to the disposal of the associate by the Group during the current financial period.

Investment property decreased by US$67.1 million from US$147.0 million as at 31 December 2013 to US$79.9 million as at 31 December 2014. The decrease was attributable to the partial disposals of the investment property of US$25.1 million, the translation adjustment of US$3.1 million arising from translating the investment property denominated in foreign currency and impairment in fair value of US$38.9 million recognised during the current financial period. The valuation of the investment property at Residences at Emerald Hill, Singapore, of S$105.5 million (equivalent to US$79.9 million) was carried out by PREMAS Valuers & Property Consultants Pte Ltd, a firm of independent professional valuers, on an en bloc market value basis as at 31 December 2014. The valuation method used is based on current market conditions and restrictions.

Trade and other receivables decreased by US$11.3 million from US$46.8 million as at 31 December 2013 to US$35.5 million as at 31 December 2014. The decrease was mainly due to the partial settlement of receivables during the current financial period. The trade and other receivables as at 31 December 2014 comprised the present value of those receivables calculated by discounting the future cash receipts by the imputed interest rate of 2.5% per annum which remains unchanged from 2013. US$21.1 million of the trade and other receivables relates to the remaining amount due on the additional compensation on the Panyu land sale as announced on 9 March 2012. This amount has been rescheduled to be received in instalments up to 30 September 2015 as per the announcement made on 11 November 2014.

Trade and other payables decreased by US$0.4 million from US$4.5 million as at 31 December 2013 to US$4.1 million as at 31 December 2014. The decrease was mainly due to the decrease in administration costs payable.

Non-trade payable to a related company increased from nil as at 31 December 2013 to US$2.3 million as at 31 December 2014. The short-term borrowing was obtained from an interested party for general working capital purposes and was unsecured, bearing interest at 5.25% per annum and repayable on demand. The amount was repaid in January 2015.

Bank loans under “Current liabilities” and “Non-current liabilities” decreased in total by US$17.7 million from US$41.5 million as at 31 December 2013 to US$23.8 million as at 31 December 2014. The decrease was mainly due to the partial repayments during the current financial period. The bank loans on the investment property amounting to US$21.2 million have been refinanced in December 2014, which are repayable by instalments up to 8 June 2015.

Tax payable decreased from US$1.0 million as at 31 December 2013 to US$0.02 million as at 31 December 2014. The decrease was due to the reversal of deferred tax previously recognised on the investment property units sold to profit or loss.

Deferred tax liabilities decreased by US$8.1 million from US$10.2 million as at 31 December 2013 to US$2.1 million as at 31 December 2014. The decrease was attributable to the write-back of provision arising from the decrease in fair value of the investment property and partial sale of its units during the current financial period.

The movement in cash and cash equivalents from US$2.0 million as at 31 December 2013 to US$4.4 million as at 31 December 2014, an increase of US$2.4 million, is explained in the statement of cash flows below.

Statement of Cash Flows

During the year, the Group's net cash generated from operating activities was US$4.2 million as compared to US$1.0 million used in 2013. The cash movement in 2014 was mainly attributable to the partial settlement of trade receivables as mentioned in the statement of financial position above and the borrowings from a related company. The net cash of US$14.4 million generated from investing activities was mainly attributable to the partial disposals of the investment property during the current financial period. The net cash used in financing activities in 2014 of US$16.1 million was attributable to the proceeds from bank loans of US$4.0 million and the partial bank loan repayments of US$20.1 million.

DIVIDENDS

The Board do not recommend payment of a final dividend in respect of the financial year ended 31 December 2014.

PROSPECTS

Significant resources and efforts have been allocated to market and promote the Residences at Emerald Hill in both the local and overseas premium markets. The potential sales going forward would be subject to the Government policy on the domestic property market.

The Group will continue to look for acquisition opportunities for future development and investment.

The Vigers Group which provides property agency, appraisal and consultancy services, continues to make a positive contribution to the Group's operating results. In view of the strong economic growth in the PRC and Macau, the Vigers Group has been actively cultivating its business in these territories in order to expand its service income. The Group has also branched into a new venture business of providing close protection service. The Board considers that the market demand for such service is huge and the potential for development is promising given the Group's long-establishment in the security service sector.

APPRECIATION

On behalf of the Board, I would like to extend my appreciation to the management and the staff of the Group for their loyalty and commitment. I would also like to thank our shareholders, customers, suppliers and business associates for their continuing support and confidence.

Christopher Ho Wing-On
Chairman

Authorised share capital	:	US$100,000,000
Issued and fully paid-up	:	US$46,666,667
Class of shares	:	Ordinary shares of US$0.04 each
Voting rights	:	1 vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	70	0.63	2,382	0.00
100 – 1,000	2,342	21.05	2,147,433	0.18
1,001 - 10,000	5,757	51.75	22,649,504	1.94
10,001 - 1,000,000	2,909	26.15	210,340,525	18.03
1,000,001 and above	46	0.42	931,526,823	79.85
	11,124	100.00	1,166,666,667	100.00

SUBSTANTIAL SHAREHOLDERS

		No. of Shares held		
S/No.	Name	Direct interest	Deemed interest	%
1.	CHRISTOPHER HO WING-ON	–	635,548,075*	54.476*
2.	CLARENDON INVESTMENTS CAPITAL LTD	635,234,079	–	54.45
3.	BRASILIA CAPITAL LIMITED	–	635,234,079**	54.45**
4.	THE HO FAMILY TRUST LTD	–	635,234,079***	54.45***
5.	ACCOLADE (PTC) INC	–	635,234,079****	54.45****
6.	CTI LIMITED	80,543,739	–	6.90

* Mr. Christopher Ho Wing-On is deemed to have interests in these shares as he is one of the beneficiaries of a discretionary trust which owns the entire issued capital of Clarendon Investments Capital Ltd that owns directly 635,234,079 ordinary shares in the Company and Barrican Investments Corporation that owns 71.38% of The Grande Holdings Limited (In Liquidation) that in turn owns indirectly 313,996 ordinary shares in the Company.

** Brasilia Capital Limited is the immediate holding company of Clarendon Investments Capital Ltd.

*** The Ho Family Trust Ltd is the immediate shareholder of Brasilia Capital Limited.

**** Accolade (PTC) Inc is the immediate shareholder of The Ho Family Trust Ltd and is the trustee of The Ho Family Trust.

SHAREHOLDINGS STATISTICS

As at 16 March 2015

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Clarendon Investments Capital Ltd	635,234,079	54.45
2	CTI Limited	80,543,739	6.90
3	CIMB Securities (S) Pte Ltd	44,263,898	3.79
4	DBS Vickers Securities (S) Pte Ltd	31,049,861	2.66
5	Raffles Nominees (Pte) Ltd	13,015,908	1.12
6	Ho Lai Ching Sabrina	9,013,222	0.77
7	Maybank Nominees (S) Pte Ltd	8,092,299	0.69
8	Yeo Lai Huat	8,000,000	0.69
9	UOB Kay Hian Pte Ltd	7,327,946	0.63
10	Citibank Nominees Singapore Pte Ltd	7,006,208	0.60
11	OCBC Securities Private Ltd	6,612,416	0.57
12	Choo Ah Seng	5,722,333	0.49
13	Phillip Securities Pte Ltd	5,439,032	0.47
14	Vibrant Capital Pte Ltd	5,303,000	0.45
15	Maybank Kim Eng Securities Pte Ltd	4,922,142	0.42
16	Gordon Cai Zhen Qiang	4,200,000	0.36
17	Lim & Tan Securities Pte Ltd	4,198,666	0.36
18	Loh Bak Cham	3,500,000	0.30
19	HSBC (Singapore) Nominees Pte Ltd	3,388,681	0.29
20	Lin Feng	2,532,166	0.22
		889,365,596	76.23

PUBLIC SHAREHOLDERS

Based on information available to the Company as at 16 March 2015, 38.62% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

Lafe Corporation Limited (the "Company") is committed to ensuring that effective self-regulatory corporate practices exist to protect the interests of its shareholders and maximise long term shareholder value. The Company is also committed to maintaining a high standard of corporate governance by complying with the Code of Corporate Governance (the "Code") issued by the Corporate Governance Committee to promote investors' confidence and protect the interest of all shareholders. On 2 May 2012, the revised Code of Corporate Governance 2012 (the "Revised Code") was issued (which is effective from financial year commencing on or after 1 November 2012).

This report outlines the Company's corporate governance processes and structure that were in place with specific reference made to the Code and the Revised Code.

BOARD OF DIRECTORS

Principle 1: Effective Board To Lead And Control The Company

The Board comprises three executive directors and three independent directors, all with the right core competencies and diversity of experience which enable them to effectively contribute to the Company. The independent members of the Board include business leaders and professionals with broad experience in government and financial services – a mixture of knowledge and expertise to contribute to the Company's performance. We believe that this will enable the Company to deliver product excellence for our customers and superior returns to its shareholders.

The Board comprises:

Mr. Christopher Ho Wing-On
Chairman
Date of Appointment: 9 April 1999
(Re-elected in 2014)
Mr. Christopher Ho Wing-On, aged 64, graduated with a Bachelor of Commerce degree from the University of Toronto in 1974. Prior to 1991, he was a senior partner in a major accounting firm in Hong Kong. Mr. Christopher Ho Wing-On has extensive experience in manufacturing, corporate finance, international trade and real estate industries.

Mr. Lew Syn Pau
Independent & Non-Executive
Date of Appointment: 8 March 2000
(Retired in 2014)
Mr. Lew Syn Pau, aged 61, holds a MBA from Stanford University, as well as a Bachelor and a Masters' degrees in Engineering from Cambridge University. He is a Director of Capital Connections Pte Ltd and is a director of several public listed companies in Singapore. Mr. Lew was actively involved in the trade union movement and was a Member of Parliament from 1988 to 2001. He also has extensive experience in the management of a transport company, a supermarket cooperative, a resort and a foreign full licensed bank in Singapore.

Mr. Will, Eduard William Rudolf Helmuth
Deputy Chairman
Independent & Non-Executive
Date of Appointment: 1 March 2012
(Standing for re-election in 2015)
Mr. Will, Eduard William Rudolf Helmuth, aged 73, holds degrees from the Gymnasium St. Georg, Hamburg and the University of Hamburg. He has worked in Germany, New York, London and is now based in Hong Kong. Mr. Will has more than 41 years of experience as merchant banker, senior advisor and director of various public and private companies. Mr. Will's previous experience include heading international mergers and acquisitions for Amex Bank Ltd. in London, partner of Bear, Stearns and Company in London and New York and director of a subsidiary of Singapore Telecom Australia. Mr. Will chairs the Audit Committee for the Company.

Mr. Shum Sze Keong
Independent & Non-Executive
Date of Appointment: 19 March 2007
(Re-elected in 2013)
Mr. Shum Sze Keong, aged 52, holds a Bachelor of Science in Aeronautical Engineering from Embry Riddle Aeronautical University, USA. Mr. Shum has extensive experience in strategic development and restructuring in Heavy Engineering, Electronic Components and Aerospace sectors. He is currently involved in property investment both in the industrial and agricultural sectors. Mr. Shum chairs the Nominating Committee and Remuneration Committee for the Company.

Mr. Paul Law Kwok Fai
Executive Director
Date of Appointment: 6 August 2010
(Re-elected in 2014)
Mr. Paul Law Kwok Fai, aged 58, holds Bachelor of Science, majoring in Computer Science & Mathematics from The University of Western Ontario, Canada. He has over 35 years of working experience with wide-exposure and knowledge in manufacturing, operations, information technology, project management and extensive exposure in PRC operations. Mr. Law chairs the Asset Management Committee for the Company.

Mr. Kenny Suen Wai Cheung
Executive Director
Date of Appointment: 6 August 2010
(Re-elected in 2014)
Mr. Kenny Suen Wai Cheung, aged 52, is Executive Director, Lafe (Emerald Hill) Development Pte. Ltd., Vice Chairman and Chief Executive Officer of Vigers Group, holds a Bachelor of Science (Honours) degree from De Montford University, United Kingdom. He is a fellow of Royal Institution of Chartered Surveyors and fellow of Hong Kong Institute of Surveyors. He has more than 28 years of experience in real estate developments in United Kingdom, Hong Kong and PRC. Mr. Suen's global experience covers development appraisals, projects management, sales and marketing for major institutional investors. He has been serving on a number of HKSAR Government Boards including Town Planning Appeals Board and the Inland Revenue Board of Review.

Mr. Ricky Sim Eng Huat
Independent & Non-Executive
Date of Appointment: 28 April 2014
Mr. Ricky Sim Eng Huat, aged 61, has devoted 18 years of his career to the Singapore Civil service since 1977, including 6 years in Hong Kong and three years in Bangkok as a diplomat. In 1994, he entered the private sector, joining Suntec Investment Group of Companies (SIPL) in Singapore. In addition to fulfilling the role of Chief Operating Officer of SIPL, Mr. Sim was concurrently the Managing Director (MD) of Chesterton Suntec International Property Consultants since 1997 to 2013. He was also an Honorary Advisor to the Real Estate Developers Association of Singapore from 2005 to 2013.

INFORMATION ON KEY EXECUTIVES (NON-DIRECTOR)

Mr. Raymond Ho Kai Kwong, aged 52, is Managing Director of Vigers Group. Mr. Ho graduated from The Hong Kong Polytechnic University and holds the professional qualification of Registered Professional Surveyor. He is a member of the Royal Institute of Chartered Surveyors and the Hong Kong Institute of Surveyors. Mr. Ho has over 29 years of experience in the field of valuation & real estate.

Ms. Bianca Leung Lai Sheung, aged 52, is Executive Director and CEO, Hong Kong of Vigers Asia Pacific Limited. She holds an MBA from Manchester Business School and a Diploma in Accounting from the University of Hong Kong. She has over 25 years of experience in finance and accounting and extensive experience in management.

Mr. David Cheung Wang Ip, aged 54, is Executive Director of Vigers Appraisal and Consulting Limited and Vigers Macao Company Limited. Based in Hong Kong, he leads Vigers' valuation teams in Hong Kong and oversees the Macau operation. He has a degree in General Practice Surveying. He is a corporate member of both the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Surveyors as well as a Member of Associacao da Avaliacao de Propriedade de Macau. He has over 29 years of experience in the field of valuation and feasibility study. He has extensive experience in valuing various kinds of assets including all common property types, leisure properties, infrastructure works such as toll roads, bridges, tunnels, power stations, water treatment plants etc. In addition, he has undertaken valuations for the flotation of several substantial IPO's in the Hong Kong Stock Market, Singapore Stock Market and other major Stock Exchanges. In terms of political qualification, he is a Member of 11th Shanxi Provincial Committee of the Chinese People's Political Consultative Conference.

Mr. Paul Francis Gregory Binney, aged 55, is Chief Financial Officer of the Group and Company Secretary. He holds an MBA from the University of Warwick and a Bachelor of Commerce (Honours) Degree from University of Birmingham. He is a member of the Institute of Chartered Accountants in England and Wales. Mr. Paul Binney has extensive experience in finance and corporate accounting in manufacturing and operations worldwide.

ROLE OF THE BOARD

Principle 2: Strong And Independent Element on The Board

The Board meets regularly on a quarterly basis and ad-hoc Board meetings are convened as and when deemed necessary. Besides carrying out its statutory responsibilities, the Board oversees the formulation of the Group's business strategies and directions, review financial performance including approval of the annual and quarterly results, approve the nomination of directors and appointments to the various Board Committees, review the adequacy and integrity of internal control, and assume responsibility for corporate governance. With three independent directors out of six, the Board is able to exercise independent judgment on corporate affairs and provide the Management with a diverse and objective perspective on issues.

Apart from formal meetings, the members regularly contribute by providing guidance and advice to the Management.

To assist in the execution of its responsibilities, a number of Board Committees are established including an Audit Committee, an Asset Management Committee, a Nominating Committee and a Remuneration Committee. These committees function within clearly defined terms of references and operating procedures, which are reviewed regularly. The effectiveness of each committee is also constantly monitored.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS IN 2014

	Board Meetings	Audit Committee	Asset Management Committee	Nominating Committee	Remuneration Committee
No. of Meetings Held	4	5	0*	1	1
Christopher Ho Wing-On	4	N/A	N/A	1	N/A
Lew Syn Pau	1	1	N/A	N/A	1
Shum Sze Keong	4	5	N/A	1	1
Paul Law Kwok Fai	4	N/A	0	N/A	N/A
Kenny Suen Wai Cheung	4	N/A	0	N/A	N/A
Will, Eduard William Rudolf Helmuth	4	5	0	1	1
Ricky Sim Eng Huat	3	4	N/A	N/A	N/A

Note :

* The Asset Management Committee has not met during the year as its business has been discussed and reviewed at the quarterly Board meetings.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

Principle 3: Chairman and CEO To Be Separate To Ensure Appropriate Balance of Power and Authority, Such That No One Individual Represents A Considerable Concentration of Power

Although currently the CEO and the Chairman of the Board is the same person, the Board believes that there are sufficient safeguards and procedures to ensure appropriate balance of power and authority.

All major proposals and decisions made by the Chairman and CEO are discussed and reviewed by the appropriate sub committees and thereafter by the Board. As the Audit Committee, Nominating Committee and Remuneration Committee consist of independent directors, the Board believes that there are sufficient strong and independent procedures and adequate safeguards in place against an uneven concentration of power and authority in a single individual.

Further, the independent directors make up half of the Board and one is the Deputy Chairman.

ACCESS TO INFORMATION / ACCOUNTABILITY

Principle 6: Board Members To Have Complete, Adequate And Timely Information

Principle 10: The Board Is Accountable To Shareholders; Management Is Accountable To The Board

All Board members are provided with timely notices and information prior to board meetings as and when the need arises. Most of the formal board meetings are held overseas. The Bye-Laws of the Company provide for directors to convene meetings by teleconferencing or videoconferencing. Where a physical Board meeting is not possible, timely communication with members of the Board is effected through electronic means which include electronic mail, teleconferencing and videoconferencing.

EXECUTIVE COMMITTEE

The Executive Committee comprises three Executive Directors as at the date of this report namely:

Mr. Christopher Ho Wing-On
Mr. Paul Law Kwok Fai
Mr. Kenny Suen Wai Cheung

The aim of the Executive Committee is to generally act for the Board in the day to day management of the Company, within the limits of the Companies Act 1981 of Bermuda (as amended from time to time) and the Memorandum of Association and Bye-Laws of the Company. The approval of the Board will be required for providing any single corporate guarantee exceeding US$10 million or its equivalent, approval and submission of financial results to the Singapore Exchange Securities Trading Limited and the approval of entering into contracts relating to non-core businesses to the value of 20% or more of the Net Tangible Assets.

If there are any resolutions approved by the Executive Committee, the resolutions approved are tabled at the next quarterly physical meeting of the Board of Directors, for information.

The Board has separate and independent access to the Company Secretary and senior management executives of the Company at all times in carrying out their duties.

ASSET MANAGEMENT COMMITTEE

The Asset Management Committee comprises two Executive Directors and an independent director as at the date of this report namely:

Mr. Paul Law Kwok Fai (Chairman)
Mr. Kenny Suen Wai Cheung
Mr. Will, Eduard William Rudolf Helmuth

The aim of the Asset Management Committee is to review, evaluate and recommend to the Board the Company's asset deployment strategies and initiatives.

REMUNERATION COMMITTEE

Principle 7: Formal And Transparent Procedure For Fixing Remuneration Packages of Directors

Principle 8: Remuneration of Directors Should Be Adequate But Not Excessive

Principle 9: Disclosure On Remuneration Policy, Level And Mix Of Remuneration, And Procedure For Setting Remuneration

The Remuneration Committee comprises three independent directors (including the Chairman) as at the date of this report, namely:

Mr. Shum Sze Keong (Chairman)
Mr. Will, Eduard William Rudolf Helmuth
Mr. Ricky Sim Eng Huat

The aim of the Remuneration Committee is to set a policy framework of remuneration for the Board and key executives to ensure that there is a continual development of talent and renewal of strong and sound leadership for the continued success of the business and the Company. Apart from fees and salaries, the Remuneration Committee will also examine all elements of the remuneration, terms of employment, allowances, reward structure and other benefits in kind.

The remuneration of directors and key executives are set out below:

			Fee %	Salary %	Bonus %	Allowances & benefit %	Total %
a)	**Directors of the Company**						
	i)	S$500,000 to S$749,999					
		Christopher Ho Wing-On	–	100	–	–	100
	ii)	S$250,000 to S$499,999					
		Paul Law Kwok Fai	–	77	–	23	100
		Kenny Suen Wai Cheung	–	100	–	–	100
	iii)	Below S$250,000					
		Lew Syn Pau	100	–	–	–	100
		Shum Sze Keong	100	–	–	–	100
		Will, Eduard William Rudolf Helmuth	100	–	–	–	100
b)	**Key Executives of the Group**						
	i)	Below S$250,000					
		David Cheung Wang Ip	–	91	8	1	100
		Paul Francis Gregory Binney	–	93	7	–	100
		Raymond Ho Kai Kwong	–	93	6	1	100
		Bianca Leung Lai Sheung	–	92	7	1	100

The Group has no employee share option scheme as of the date of the report.

Paragraph 9.2 of the Revised Code states that the Company should fully disclose the remuneration of each individual director and the CEO on a named basis. The Company has not disclosed the remuneration of each individual director and the CEO on a named basis. The Board after weighing the advantages and disadvantages of such disclosure is of the view that full disclosure of the actual remuneration of each director and the CEO would not be in the interests of the Company as such information is confidential and sensitive, and could be exploited by competitors. The Board is of the opinion that the information disclosed in the Annual Report is sufficient for shareholders to have an adequate appreciation of the Company's compensation policies and practices in respect of the directors and the CEO.

Paragraph 9.3 of the Revised Code states that the Company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). The Company has not disclosed the total aggregate remuneration of the top five key management personnel (who are not directors or the CEO). The Company has only four key management personnel (who are not directors or the CEO). In respect of such persons, the Board after weighing the advantages and disadvantages of such disclosure is of the view that full disclosure of the aggregate total remuneration paid to such persons would not be in the interests of the Company as such information is confidential and sensitive, and could be exploited by competitors. The Board is of the opinion that the information disclosed in the Annual Report is sufficient for shareholders to have an adequate appreciation of the Company's compensation policies and practices in respect of the Company's key management personnel.

NOMINATING COMMITTEE

Principle 4: Formal And Transparent Process For Appointment And Re-appointment of Directors

Principle 5: Formal Assessment Of The Effectiveness Of The Board As A Whole And The Performance Of Individual Directors

The Nominating Committee comprises three independent directors as at the date of this report, namely:

Mr. Shum Sze Keong (Chairman)
Mr. Will, Eduard William Rudolf Helmuth
Mr. Ricky Sim Eng Huat

The Nominating Committee's objective is to ensure that the Directors of the Board will provide the required mix of responsibilities, skills and experience. The Nominating Committee will also assist the Board in reviewing on an annual basis the appropriate balance and size of Non-Executive participation and in establishing procedures and processes towards an annual assessment of the effectiveness of the Board as a whole and contribution of each individual Director and Board Committee member. The Nominating Committee shall conduct a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

Pursuant to the Company's Bye-Laws 86(1) and 86(2), each Director shall retire at least once every three (3) years and a retiring Director shall be eligible for re-election at the annual general meeting of the Company. In addition, the Company's Bye-Law 85(6) provides that any Director appointed by the Board shall retire at the next annual general meeting of the Company and shall then be eligible for re-election at that meeting.

AUDIT COMMITTEE

Principle 12: Establishment Of Audit Committee with Written Terms Of Reference

The Audit Committee comprises three independent directors (including the Chairman) as at the date of this report, namely:

Mr. Will, Eduard William Rudolf Helmuth (Chairman)
Mr. Shum Sze Keong
Mr. Ricky Sim Eng Huat

The Audit Committee oversees all aspects of the external audit process, particularly the cost effectiveness and the independence of the external auditors. Annually, the Audit Committee meets with the external auditors separately without the presence of Management to review the adequacy of audit arrangements, with particular emphasis on the observation of the auditors, the scope and quality of their audit, the objectivity of the auditors and to review of all non-audit services provided by the auditors. The Audit Committee will recommend to the Board appointment or re-appointment of external auditors.

The Audit Committee is satisfied with the objectivity and independence of the external auditors, and they recommend the re-appointment of Messrs Baker Tilly TFW LLP. For the financial year ended 31 December 2014, Messrs Baker Tilly TFW LLP had been engaged for tax service for certain companies with the Group and appointed as the scrutineer for the shareholders' meetings of the Company.

To provide the shareholders with a balanced and understandable assessment of the Company's performance, position and prospects, annual and quarterly financial statements and announcements to shareholders are reviewed by the Audit Committee before submission to the Board for adoption. The Audit Committee reviews the financial statements with emphasis on (i) changes in accounting policies and practices, if any; (ii) significant matters arising from the audit, if any; and (iii) compliance with relevant accounting standards and legal requirements.

The Audit Committee also reviews Interested Person Transactions to ensure that they are conducted on normal commercial terms and not prejudicial to the interests of the Company or its shareholders.

The Audit Committee is authorised to investigate any matter within its terms of reference, and has full access to the Management and resources which are necessary to enable it to discharge its functions properly. It also has full discretion to invite any executive director or executive to attend its meetings.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: Sound System Of Risk Management And Internal Controls

The Board recognises the need to put in place a system of risk management and internal controls of the Company's procedures and processes to safeguard shareholders' interests and the Company's assets. In this regard, the internal audit function is responsible for overseeing the risk management function and identifying deficiencies in internal control and reports directly to the Audit Committee.

The Board is of the opinion with the concurrence of the Audit Committee that the system of internal controls including financial, operational, compliance and information technology controls and risk management systems maintained by the Company's management throughout the financial year is adequate and effective to meet the needs of the Group in its current business environment.

For the financial year ended 31 December 2014, the Board has received the assurance from the CEO and the Chief Financial Officer that:

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

2) the system of internal controls in place for the Group is adequate and effective to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations; and

3) the risk management systems in place for the Group are adequate and effective to address the risks which the Group considers relevant and material to its operations.

INTERNAL AUDIT

Principle 13: Independent Internal Audit Function

The Company has an in house internal audit team. The internal auditors report functionally to the Audit Committee and administratively to management. In this regard, the Audit Committee is empowered to review any of the accounting, auditing and financial practices, with access to records and management personnel, to enable it to discharge its functions.

The Internal Auditors submit their annual audit schedule for approval by the Audit Committee and report their findings direct to the Audit Committee. The Audit Committee ensures that the internal audit function is adequately resourced and has appropriate standing within the Group. In the year under review, the Internal Auditors carried out reviews on certain areas to assess and evaluate:

1) if adequate systems of internal control are in place and functioning as management intended;
2) if operations of the business processes under review are conducted efficiently and effectively; and
3) the Group's material risk factors and related risk management policies and procedures.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Treat All Shareholders Fairly And Equitably, And Recognise, Protect And Facilitate The Exercise Of Shareholders' Rights

Principle 15: Regular, Effective And Fair Communication With Shareholders

Principle 16: Greater Shareholder Participation At Annual General Meetings

The Company strives for timeliness in the dissemination of financial results and corporate developments to the shareholders and the financial community by broadcasting through SGXNET. In addition, the Company's website www.lafecorporation.com keeps the public informed about developments in the Company's products and services. The Company's website has been upgraded and the information on the Company is clearly provided. Up to date information is posted in a timely manner.

Shareholders are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. At shareholders' meetings, each distinct issue is proposed as a separate resolution. The Chairman of the Audit, Asset Management, Nominating and Remuneration Committees are present to address questions at the Annual General Meeting. External auditors are also present at the Annual General Meeting to assist the Directors to address shareholders' queries, if necessary.

APPOINTMENT OF AUDITORS

The Board confirms that with reference to Rule 716 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board and the Audit Committee of the Company are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

The Board confirms that the Company has complied with Rule 712 and 715 of the Listing Manual of the Singapore Exchange.

DEALINGS IN SECURITIES

Directors and all officers involved in the preparation of the Company's financial results were reminded not to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of its full year financial statements.

The Company has its own internal compliance code to provide guidance for both Directors and employees on their dealings with the Company's securities.

The Officers of the Company are reminded not to deal with the Company's securities on short term considerations.

CORPORATE DISCLOSURE

The Company believes that a high level of disclosure is essential to enhance the standard of corporate governance. Hence, the Company gives full disclosure in all public announcements, press releases and annual reports.

The Board is satisfied with the Company's commitment to comply with the Code of Corporate Governance, and on the adequacy of internal controls within the Company.

None of the employees of the Company and of the Group's subsidiaries are an immediate family member of any director or CEO of the Company and of the Group's subsidiaries.

The directors have pleasure to present their report to the members together with the audited consolidated financial statements of Lafe Corporation Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2014.

DIRECTORS

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

Executive directors:
Christopher Ho Wing-On
Paul Law Kwok Fai
Kenny Suen Wai Cheung

Independent and Non-executive directors:
Will, Eduard William Rudolf Helmuth
Shum Sze Keong
Ricky Sim Eng Huat (appointed on 28 April 2014)

Mr. Will, Eduard William Rudolf Helmuth retires by rotation and, being eligible, will offer himself for re-election, at the forthcoming Annual General Meeting in accordance with the Company's Bye-laws 86(1) and (2). All other directors continue in office. The term of office of each non-executive director is the period up to his re-appointment by rotation or retirement in accordance with the Company's Bye-laws.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Group's subsidiaries are described in Note 35 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS FOR THE FINANCIAL YEAR

	Group US$'000
Net loss for the year	(51,674)
Accumulated profits at the beginning of the year	73,298
Profits available for appropriation	21,624
Dividend paid	–
Accumulated profits at the end of the year	21,624

MATERIAL TRANSFERS TO/FROM RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the accompanying financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, there were no shares or debentures issued by the Company and its subsidiaries.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS

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

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

Particulars of interests of directors, who held office at the end of the reporting period, in shares of the Company are stated below:

	Shareholdings registered in the name of the directors			Shareholdings in which directors are deemed to have an interest		
	1 Jan 2014	31 Dec 2014	21 Jan 2015	1 Jan 2014	31 Dec 2014	21 Jan 2015
Ordinary shares of US$0.04 each						
Christopher Ho Wing-On	–	–	–	635,548,075*	635,548,075*	635,548,075*

* Mr. Christopher Ho Wing-On is deemed to have interests in these shares as he is one of the beneficiaries of a discretionary trust which owns the entire issued capital of Clarendon Investments Capital Ltd that owns directly 635,234,079 ordinary shares in the Company and Barrican Investments Corporation that owns 71.38% of The Grande Holdings Limited (In Liquidation) that in turn owns indirectly 313,996 ordinary shares in the Company.

DIVIDENDS

There were no dividends paid or declared for both financial years ended 31 December 2014 and 2013.

The directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2014 (2013: nil).

DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial interest except that certain directors have received remuneration from related corporations in their capacity as directors and/or executives of those related corporations and except as disclosed in the financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the financial year was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements 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.

OPTIONS TO TAKE UP UNISSUED SHARES

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted nor were there issue of shares from the exercise of any option to take up unissued shares. At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

INDEPENDENT AUDITORS

A resolution will be submitted at the annual general meeting to re-appoint the auditors, Messrs Baker Tilly TFW LLP, as the independent auditors of the Company for the coming financial year.

On behalf of the Board of Directors

Christopher Ho Wing-On
Chairman

Paul Law Kwok Fai
Executive Director

30 March 2015

STATEMENT BY DIRECTORS

In the opinion of the Directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 20 to 65 are properly drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, 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 International Financial Reporting Standards; and

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

On behalf of the Board of Directors

Christopher Ho Wing-On
Chairman

Paul Law Kwok Fai
Executive Director

30 March 2015

To the Members of Lafe Corporation Limited
(Incorporated in Bermuda with Limited Liability)
For the financial year ended 31 December 2014

Report on the Financial Statements

We have audited the accompanying financial statements of Lafe Corporation Limited (the "Company") and its subsidiaries (the "Group") set out on pages 20 to 65, which comprise the statements of financial position of the Group and Company as at 31 December 2014, 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 and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

30 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

GROUP

	Notes	**2014**	2013
		US$'000	US$'000
Revenue	7	**13,707**	13,184
Cost of sales		**(11,045)**	(9,609)
Gross profit		**2,662**	3,575
Other net loss	8	**(51,047)**	(7,296)
Administrative costs		**(11,301)**	(13,038)
Finance costs	9	**(1,034)**	(1,666)
Loss before taxation	10	**(60,720)**	(18,425)
Taxation	11	**9,046**	1,674
Loss for the year		**(51,674)**	(16,751)
Other comprehensive income/(loss)			
Item that is or may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		**98**	(1,861)
Item that will not be reclassified subsequently to profit or loss:			
Revaluation gain on property, plant and equipment		**997**	535
Other comprehensive income/(loss) for the year, net of tax		**1,095**	(1,326)
Total comprehensive loss for the year		**(50,579)**	(18,077)
Loss per share			
Attributable to equity holders of the Company			
Basic and diluted loss per share (US cent)	12	**(4.43)**	(1.44)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

GROUP

	Notes	**2014**	2013
		US$'000	US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**5,964**	5,280
Investment in associate	16	**–**	66
Available-for-sale investment	17	**–**	–
Trademark	19	**10,314**	10,317
Goodwill	20	**520**	520
		16,798	16,183
Current assets			
Investment property	14	**79,856**	146,983
Trade and other receivables	18	**35,518**	46,758
Other current assets	21	**580**	665
Cash and cash equivalents	23	**4,369**	1,981
		120,323	196,387
Total assets		**137,121**	212,570
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	24	**46,667**	46,667
Reserves		**57,905**	108,484
Total equity		**104,572**	155,151
Non-current liabilities			
Bank loans	25	**2,341**	2,648
Provision for staff benefits	26	**299**	287
Deferred tax liabilities	27	**2,114**	10,188
		4,754	13,123
Current liabilities			
Trade and other payables	28	**4,078**	4,452
Non-trade payable to a related company	29	**2,258**	–
Bank loans	25	**21,442**	38,861
Tax payable		**17**	983
		27,795	44,296
Total liabilities		**32,549**	57,419
Total equity and liabilities		**137,121**	212,570

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

STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

COMPANY

	Notes	**2014**	2013
		US$'000	US$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	15	**64,872**	64,872
Current assets			
Trade and other receivables	18	**12**	12
Other current assets	21	**14**	23
Non-trade receivables from subsidiaries	22	**73,218**	73,662
Cash and cash equivalents	23	**7**	50
		73,251	73,747
Total assets		**138,123**	138,619
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	24	**46,667**	46,667
Reserves		**91,203**	91,631
Total equity		**137,870**	138,298
Current liabilities			
Trade and other payables	28	**253**	321
Total liabilities		**253**	321
Total equity and liabilities		**138,123**	138,619

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

GROUP

		Reserves						
	Share capital US$'000	Share premium US$'000	Capital reserve US$'000	Revaluation reserve US$'000	Exchange reserve US$'000	Accumulated profits US$'000	Total reserves US$'000	Total equity US$'000
Balance at 1 January 2013	46,667	27,209	24	–	9,279	90,049	126,561	173,228
Loss for the year	–	–	–	–	–	(16,751)	(16,751)	(16,751)
Other comprehensive income/(loss) for the year								
Revaluation gain recognised during the year	–	–	–	535	–	–	535	535
Currency translation differences arising on consolidation	–	–	–	–	(1,861)	–	(1,861)	(1,861)
Other comprehensive income/(loss) for the year	–	–	–	535	(1,861)	–	(1,326)	(1,326)
Total comprehensive income/(loss) for the year	–	–	–	535	(1,861)	(16,751)	(18,077)	(18,077)
Balance at 31 December 2013	46,667	27,209	24	535	7,418	73,298	108,484	155,151
Loss for the year	–	–	–	–	–	(51,674)	(51,674)	(51,674)
Other comprehensive income for the year								
Revaluation gain recognised during the year	–	–	–	997	–	–	997	997
Currency translation differences arising on consolidation	–	–	–	–	98	–	98	98
Other comprehensive income for the year	–	–	–	997	98	–	1,095	1,095
Total comprehensive income/(loss) for the year	–	–	–	997	98	(51,674)	(50,579)	(50,579)
Balance at 31 December 2014	**46,667**	**27,209**	**24**	**1,532**	**7,516**	**21,624**	**57,905**	**104,572**

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

COMPANY

		Reserves			
	Share capital	**Share premium**	**Accumulated profits**	**Total reserves**	**Total equity**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Balance at 1 January 2013	46,667	27,209	65,170	92,379	139,046
Loss and total comprehensive loss for the year	–	–	(748)	(748)	(748)
Balance at 31 December 2013	46,667	27,209	64,422	91,631	138,298
Loss and total comprehensive loss for the year	–	–	(428)	(428)	(428)
Balance at 31 December 2014	**46,667**	**27,209**	**63,994**	**91,203**	**137,870**

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

GROUP

	2014	2013
	US$'000	US$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	**(60,720)**	(18,425)
Adjustments for:		
Depreciation of property, plant and equipment (Note 13)	**377**	277
Provision for staff benefits (Note 26)	**12**	(10)
Decrease in fair value of investment property (Note 14)	**38,905**	3,915
Allowance for impairment on receivables	**23**	97
Bad debts written off	**134**	–
Write back of trade and other payables	**(156)**	–
Loss on disposal of property, plant and equipment (Note 8)	**2**	2
Loss on disposal of investment property (Note 8)	**4,807**	1,062
Interest expenses	**860**	1,470
Interest income	**(350)**	(1,346)
Operating cash flow before working capital changes	**(16,106)**	(12,958)
Changes in working capital		
Trade and other receivables and other current assets	**16,804**	13,689
Non-trade payable to a related company	**2,258**	(3,661)
Trade and other payables	**(145)**	160
Currency translation adjustments	**1,924**	1,946
Cash generated from/(used in) operations	**4,735**	(824)
Taxation paid	**(21)**	(42)
Interest paid	**(867)**	(1,448)
Interest received	**350**	1,346
Net cash generated from/(used in) operating activities	**4,197**	(968)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment (Note 13)	**(262)**	(431)
Net proceeds from disposal of investment property	**14,611**	10,225
Proceeds from disposal of property, plant and equipment	**10**	–
Net cash generated from investing activities	**14,359**	9,794
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank loans	**3,982**	47,426
Repayment of bank loans	**(20,101)**	(56,041)
Net cash used in financing activities	**(16,119)**	(8,615)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**2,437**	211
Cash and cash equivalents at beginning of the financial year	**1,981**	1,768
Effects of exchange rate changes on cash and cash equivalents	**(49)**	2
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	**4,369**	1,981

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

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

1 CORPORATION INFORMATION

The Company was incorporated on 8 April 1999 as an exempted company with limited liability in Bermuda under the Companies Act 1981 of Bermuda with its registered office at Wessex House, 45 Reid Street, Hamilton HM 12, Bermuda and principal place of business at 57 Cantonment Road, Singapore 089755. The shares of the Company are listed on the Singapore Exchange Limited (the "SGX-ST"). In the opinion of the Directors, the Company's immediate and ultimate holding companies are Clarendon Investments Capital Ltd and Accolade (PTC) Inc, respectively, both of which are companies incorporated in the British Virgin Islands.

The Company acts as an investment holding company. Details of the principal activities of the subsidiaries are set out in Note 35.

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 2014 were authorised for issue by the Board of Directors on 30 March 2015.

2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"). These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in United States dollar ("US$").

The preparation of financial statements in conformity with IFRS requires management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the end of the reporting period 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 various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from these 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.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

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

3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS OF THE INTERNATIONAL FINANCIAL REPORTING INTERPRETATIONS COMMITTEE

(a) New and amended standards adopted by the Group

In the current financial year, the Group has adopted all the new and revised IFRS issued by the IASB and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") that are relevant to its operations and effective for the current financial year.

The adoption of these new/revised IFRS and IFRIC did not have any material effect on the financial results or position of the Group and the Company.

3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS OF THE INTERNATIONAL FINANCIAL REPORTING INTERPRETATIONS COMMITTEE (continued)

(b) Standards, amendments and interpretations to existing standards that are issued, revised or amended but are not yet effective

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 2014 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenue recognition

Revenue for the Group comprises the fair value of consideration received or receivable for the sale of development properties and rendering of services in the ordinary course of business, net of rebates, discounts and sales related tax, 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 entity, and the amount of revenue and related cost can be reliably measured.

i) Sale of development properties

The Group recognises income on property development projects when the risks and rewards of ownership have been transferred to the buyer.

When the inflow of revenue is deferred, the fair value of the revenue is determined by discounting all future receipts using an imputed rate of interest.

ii) Rendering of services

Service income, management and consultancy fees are recognised in the period in which the services are rendered.

Revenue from maintenance services is recognised on a pro-rated basis over the period of the maintenance contract based on services performed.

iii) Dividend income

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

iv) Interest income

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

v) Rental income

Rental income from operating lease (net of any incentives given to the lessees) is recognised on a straight line basis over the lease term as set out in specific rental agreements.

vi) Property services income

Property services income is recognised when the relevant services have been rendered.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Subsidiaries

Subsidiaries 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, investments in subsidiaries 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.

4.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. Subsidiaries are consolidated from 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 subsidiaries 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. 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 4.5. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from 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 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, 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, even if this results in the non-controlling interests having a deficit balance.

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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Basis of consolidation (continued)

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners) and therefore, no gain or loss is recognised in profit or loss.

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

Any retained equity interest in the previous subsidiary 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.

4.4 Associated companies

An associated company is an entity over which the Group has significant influence but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more but not exceeding 50% of the voting power of another entity.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsequent to initial recognition, the Group's share of its associated companies' post-acquisition profits or losses is recognised in the profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associated company.

Upon loss of significant influence over the associated company, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associated company upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

If the Group's ownership interest in an associated company is reduced, but the Group continues to apply the equity method, the Group shall reclassify to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

In the Company's financial statements, investments in associates are carried at cost less accumulated impairment loss. On disposal of investment in associates, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 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.

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

The Group's policy for goodwill arising on the acquisition of an associate is described in Note 4.4.

4.6 Property, plant and equipment

Cost and measurement

Land and buildings are initially recorded at cost. Building and freehold land are subsequently carried at revalued amounts less accumulated depreciation and accumulated impairment losses. Their fair values are determined by an independent professional valuer every year 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 any impairment in value.

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.

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.

When an asset is revalued, any increase in the carrying amount arising from revaluation is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve 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 and any amount in revaluation reserve relating to that asset is transferred to accumulated profits directly.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Property, plant and equipment (continued)

Depreciation

No depreciation is provided on freehold land. Freehold building is amortised evenly over the term of the lease.

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:

Freehold building	Shorter of lease terms or 50 years
Leasehold improvements	Shorter of lease terms or 5 years
Furniture, fixtures and office equipment	3-5 years
Motor vehicles	4 years

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.

Properties 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. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

4.7 Investment properties

Investment properties, which are properties held to earn rentals income or for capital appreciation or both, but not for sale in the ordinary course of business, used in the production or supply of goods and services or for administrative purposes include property under construction for such purposes and land under operating leases that is held for long-term capital appreciation or for a currently indeterminate use, are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value, determined annually by independent professional valuers on the highest-and-best use basis, subject to market conditions and restrictions. Changes in fair values are recognised in profit or loss.

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 and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in 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 the accounting policies for property, plant and equipment up to the date of change in use.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Investment properties (continued)

For a transfer from investment property to development property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from development property to investment property, the deemed cost for subsequent accounting is the cost of development property at the date of change in use.

4.8 Development properties

Development properties for sale are properties being constructed or developed for future sale. Costs capitalised include the cost of land and other directly related development expenditure including borrowing costs incurred in developing the properties. They are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete the development and selling expenses. Development properties for sale are classified as current assets when they are intended to be sold within the next 12 months.

4.9 Trademark

Trademark acquired in a business combination is recognised at fair value at the acquisition date. Trademarks with indefinite useful lives are not subject to amortisation, but are tested for impairment annually or more frequently when there are indications of impairment.

The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

4.10 Prepaid lease payments

Prepaid lease payments represent the prepaid minimum lease payments for the Group's leasehold interest in land under operating leases which are carried at cost and amortised to the profit or loss over the lease term on a straight-line basis.

4.11 Impairment of non-financial assets excluding goodwill

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.

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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Impairment of non-financial assets excluding goodwill (continued)

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.

4.12 Operating leases

When a Group entity is the lessee:

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payment made under operating leases (net of any incentive received from the lessors) 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.

Contingent rents are recognised as an expense in profit or loss when incurred.

When a Group entity is the lessor:

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

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

4.13 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.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Income taxes (continued)

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.

Deferred 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.

4.14 Financial assets

a) Classification

The Group classifies its financial assets as loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

i) 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 and other receivables”, other current assets (excluding prepayments) and “cash and cash equivalents” on the statements of financial position.

ii) Financial assets, available-for-sale

Financial assets, available-for-sale include equity and debt 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 non-current assets unless management intends to dispose of the assets within 12 months after the end of the reporting period.

b) 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.

c) 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Financial assets (continued)

d) Subsequent measurement

Financial assets, both available-for-sale and at fair value through profit or loss are subsequently carried at fair value. Available-for-sale investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measurable, are measured at cost less impairment loss. Loans and receivables and held-to-maturity financial assets 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 the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in fair value reserve/other comprehensive income. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in fair value reserve/other comprehensive income, together with the related currency translation differences.

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

e) 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.

i) 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 against the same line item 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.

ii) 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Financial assets (continued)

e) Impairment (continued)

ii) Financial assets, available-for-sale (continued)

Impairment losses on debt instruments classified as available-for-sale financial assets are reversed through profit or loss when the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised. However, impairment losses recognised in profit or loss on equity instruments classified as available-for-sale financial assets are not reversed through profit or loss.

For available-for-sale financial assets carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of impairment loss is recognised in profit or loss and such losses are not reversed in subsequent periods.

4.15 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, 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 deposits.

4.16 Financial liabilities

Financial liabilities include trade and other payables and bank loans.

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 initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

4.17 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.

4.18 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 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 of time is recognised as a finance cost in profit or loss.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for the intended use or sale.

This includes those costs on borrowings acquired specifically for the construction or development of properties, as well as those in relation to general borrowings used to finance the construction or development of properties.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period using the effective interest method in which they are incurred.

4.20 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

i) Provision for staff benefits

Staff benefits are provided based on the employees' salaries and their respective length of service and are payable upon retirement or resignation of employees in accordance with the applicable rules and regulations.

ii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of each reporting period are discounted to present value.

iii) Retirement benefits scheme contributions

The retirement benefits scheme contributions charged in the profit or loss represent the amount of contributions payable by the Group's defined contribution scheme in respect of the current financial year. The Group has no further payment obligations once the contributions have been paid.

iv) Employee leave entitlements

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Foreign currencies

i) 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 that entity operates (the "functional currency"). The financial statements of the Group and the Company are presented in United States Dollars ("US$"), which is the Company's functional currency and the presentation currency for the financial statements.

ii) 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 included in the exchange reserve within equity in the consolidated financial statements. The exchange reserve is reclassified from equity to profit or loss of the Group 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.

iii) Translation of Group entities' financial statements

The results and financial position 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:

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

b) 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

c) All resulting exchange differences are recognised in the exchange 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 taken to the foreign currency translation reserve.

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.22 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 executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

4.23 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 guarantee contracts are amortised in profit or loss over the period of the guarantee.

4.24 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised on the statements of financial position except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

a) Critical judgments in application of the accounting policies

The preparation of the Group's 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 balance sheet date. 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.

b) 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.

i) Allowance for impairment of goodwill and trademark

Determining whether goodwill and trademark are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and trademark have been allocated.

The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit ("CGU") and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2014, the carrying amount for goodwill was US$520,000 (2013: US$520,000) (Note 20). As at 31 December 2014, the carrying amount for trademark was US$10,314,000 (2013: US$10,317,000) (Note 19).

ii) Valuation of investment property

The Group's investment property is stated at estimated fair value based on the valuation performed by an independent firm of professional valuers. In determining a fair value, the valuers have based their valuation on a method of valuation which involves certain estimates, including comparison with recent sale transactions of similar neighbouring properties. The estimated fair value may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. As at 31 December 2014, the carrying amount of investment property was US$79,856,000 (2013: US$146,983,000) (Note 14).

iii) Contingent liabilities

In determining whether provision is necessary for contingent liabilities, management makes an assessment on the facts and merits of the legal claims and takes into consideration legal opinions obtained. As disclosed in Note 32, the Group has several outstanding legal claims made against them for which management is of the view that no provision is necessary at the end of the reporting period.

6 SEGMENT INFORMATION

The Group has adopted IFRS 8 *Operating segments* that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance.

Business segment	**Principal activities**
Property	Property sales, rental income and property related services

The Group's revenue and results analysed by business segment are as follows:

Business Segment

	Group	
	Property/Consolidated	
	2014	2013
	US$'000	US$'000
Revenue		
Revenue	**13,707**	13,184
Result		
Segment result	**(59,686)**	(16,759)
Finance costs	**(1,034)**	(1,666)
Loss before taxation	**(60,720)**	(18,425)
Taxation	**9,046**	1,674
Loss after taxation	**(51,674)**	(16,751)
Assets		
Segment assets	**137,121**	212,570
Liabilities		
Segment liabilities	**32,549**	57,419
Other information		
Depreciation of property, plant and equipment (Note 13)	**377**	277
Capital expenditure: Property, plant and equipment (Note 13)	**262**	431
Decrease in fair value of investment property (Note 14)	**38,905**	3,915
Loss on disposal of investment property (Note 8)	**4,807**	1,062
Loss on disposal of property, plant and equipment (Note 8)	**2**	2

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.

Segment liabilities

The amounts provided to 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.

6 SEGMENT INFORMATION (continued)

Geographical Segments

The revenue by geographical segment is based on the billing location of customers. All assets and capital expenditure of the Group are significantly located in the Asia Pacific region.

The following table provides an analysis of the Group's revenue and results by geographical market, which is analysed based on the billing address of each individual customer:

	Revenue		Results		Non-current assets	
	2014	2013	**2014**	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Hong Kong	**12,161**	12,080	**(9,046)**	(8,819)	**11,327**	11,365
PRC	**1,041**	1,048	**(27)**	2,819	**136**	257
Singapore	**505**	56	**(42,601)**	(10,751)	**5,335**	4,561
	13,707	13,184	**(51,674)**	(16,751)	**16,798**	16,183

7 REVENUE

	Group	
	2014	2013
	US$'000	US$'000
Property services income	**12,368**	13,004
Rental and other service fees income	**1,339**	180
	13,707	13,184

Additional revenue of US$22.0 million in respect of the sales of certain units of the investment property would have been shown in 2014 (2013: US$20.2 million) should such property be allowed by the IFRS/IAS to be transferred to development property. The prevailing accounting standards do not allow the recognition of the sale proceeds of an investment property as revenue. The net financial effect of these sales has instead been included in Note 8 as part of the "other net loss" for the financial year.

8 OTHER NET LOSS

	Group	
	2014	2013
	US$'000	US$'000
Interest income	**(350)**	(1,346)
Net foreign currency exchange loss	**3,551**	1,096
Decrease in fair value of investment property (Note 14)	**38,905**	3,915
Loss on disposal of investment property (Note 6)	**4,807**	1,062
Extension fees on investment property	**4,168**	2,585
Loss on disposal of property, plant and equipment (Note 6)	**2**	2
Other income	**(36)**	(18)
	51,047	7,296

9 FINANCE COSTS

	Group	
	2014	2013
	US$'000	US$'000
Interest on bank and other borrowings	**860**	1,470
Bank charges	**174**	196
	1,034	1,666

10 LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	Group	
	2014	2013
	US$'000	US$'000
Non-executive directors' fees (Note 34(b))	**159**	170
Auditors' remuneration:		
- Auditors of the Company	**132**	135
- Other auditors	**66**	63
Fees for non-audit services paid to auditors of the Company	**11**	4
Property development and investment service fees	**2,791**	2,663
Staff costs (including directors' remuneration)	**13,672**	13,520
Operating lease expenses	**1,123**	865
Depreciation of property, plant and equipment	**377**	277

Included in staff costs are retirement benefit scheme contributions amounting to US$493,000 (2013: US$452,000).

11 TAXATION

Taxation benefit attributable to the loss is made up of:

	Group	
	2014	2013
	US$'000	US$'000
Current tax (benefit)/expense:		
Foreign – current	**(949)**	1,029
Deferred tax benefit:		
Foreign – current	**(8,097)**	(2,703)
	(9,046)	(1,674)

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the financial year. Taxes on profits assessable elsewhere have been provided at the applicable rates of tax in the countries in which the subsidiaries operate, based on existing legislation, interpretations and practices in respect thereof.

11 TAXATION (continued)

A reconciliation between the tax benefit and loss before tax at the applicable tax rate is as follows:

	Group	
	2014	2013
	US$'000	US$'000
Loss before taxation	**(60,720)**	(18,425)
Notional tax calculated at Hong Kong profits tax rate of 16.5% (2013: 16.5%)	**(10,019)**	(3,040)
Different tax rates in overseas jurisdictions	**(261)**	179
Income not subject to tax	**(338)**	(429)
Expenses not deductible for tax purposes	**1,522**	735
Deferred tax assets not recognised	**387**	971
Utilisation of previously unrecognised deferred tax assets	**(365)**	(95)
Others	**28**	5
	(9,046)	(1,674)

Details of deferred tax liabilities are set out in Note 27.

12 LOSS PER SHARE

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

	Group	
	2014	2013
	US$'000	US$'000
Loss for the year attributable to equity holders of the Company	**(51,674)**	(16,751)
Weighted average number of ordinary shares	**1,166,666,667**	1,166,666,667
	US cents	US cents
Loss per share	**(4.43)**	(1.44)

Diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares for the financial years ended 31 December 2014 and 31 December 2013.

13 PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold land and building US$'000	Leasehold improvements US$'000	Furniture, fixtures and office equipment US$'000	Motor vehicles US$'000	Total US$'000
Cost					
At 1 January 2013	4,130	105	370	497	5,102
Revaluation gain	535	–	–	–	535
Translation adjustments	(145)	(3)	–	–	(148)
Additions	–	33	126	272	431
Disposals	–	(22)	(3)	–	(25)
At 31 December 2013	4,520	113	493	769	5,895
Revaluation gain	997	–	–	–	997
Translation adjustments	(186)	(4)	–	–	(190)
Additions	–	19	80	163	262
Disposals	–	(4)	(32)	(22)	(58)
At 31 December 2014	**5,331**	**124**	**541**	**910**	**6,906**
Accumulated depreciation					
At 1 January 2013	6	28	247	81	362
Translation adjustments	–	(1)	–	–	(1)
Charge for the year	14	36	73	154	277
Disposals	–	(22)	(1)	–	(23)
At 31 December 2013	20	41	319	235	615
Translation adjustments	(2)	(2)	–	–	(4)
Charge for the year	14	44	97	222	377
Disposals	–	(3)	(32)	(11)	(46)
At 31 December 2014	**32**	**80**	**384**	**446**	**942**
Net carrying values					
At 31 December 2014	**5,299**	**44**	**157**	**464**	**5,964**
At 31 December 2013	4,500	72	174	534	5,280

Land and buildings comprise of a freehold land and building in Singapore occupied by the Group as office premises. The property is a refurbished two storey intermediate conservation pre-war shophouse with a mezzanine level and an attic. Total gross floor and land area of the property are approximately 292 square metres and 121.9 square metres respectively. The property has been pledged against loan facilities made available by a financial institution (Note 25) as collateral for bank loans.

The fair value of the office premises of S$7.0 million (equivalent to US$5.3 million) as at 31 December 2014 (2013: S$5.7 million (equivalent to US$4.5 million)) was arrived at based on a valuation carried out by PREMAS Valuers & Property Consultants Pte Ltd, an accredited independent valuer. The fair value was determined on transactions observable in the market based on comparable data. The fair value measurement is categorised as Level 3 of the fair value hierarchy (Note 37).

14 INVESTMENT PROPERTY

	Group	
	2014	2013
	US$'000	US$'000
Beginning of financial year	**146,983**	174,291
Disposals	**(25,054)**	(17,527)
Decrease in fair value recognised in profit or loss (Note 8)	**(38,905)**	(3,915)
Translation adjustments	**(3,168)**	(5,866)
End of financial year	**79,856**	146,983

The investment property comprises of the redevelopment project situated at Emerald Hill Road, Singapore. The property is a residential development site for erection of a 12 storey block of 27 apartments, 2 penthouses and 4 townhouses. The site area and floor area for the entire project are approximately 2,501.4 square metres and 7,862 square metres respectively. Construction of the property was completed during 2011.

The fair value of the investment property of S$105.5 million (equivalent to US$79.9 million) as at 31 December 2014 (2013: S$186.2 million (equivalent to US$147 million)) was valued by PREMAS Valuers & Property Consultants Pte Ltd, an accredited independent valuer. The fair value has been determined on an en-bloc market value basis as at 31 December 2014. The valuation method used is based on current market conditions and restrictions. The fair value measurement is categorised as Level 3 of the fair value hierarchy (Note 37).

In 2013, the investment property was valued by PREMAS Valuers & Property Consultants Pte Ltd, an accredited independent valuer based on comparable market transactions of sales of similar properties that have been transacted in the open market on 31 December 2013. The fair value measurement is categorised as Level 2 of the fair value hierarchy.

An impairment in fair value amounting to S$49.1 million (equivalent to US$38.9 million) (2013: S$4.9 million (equivalent to US$3.9 million)) has been charged to the current year's profit or loss. The property is currently required by the Singapore Land Authority to be sold by 8 June 2015 and is therefore classified as current assets.

The investment property has been pledged against loan facilities made available by a financial institution (Note 25) as collateral for bank loans.

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

15 INVESTMENTS IN SUBSIDIARIES

	Company	
	2014	2013
	US$'000	US$'000
Unquoted equity shares, at cost		
Beginning and end of financial year	**64,872**	64,872

Details of the Company's subsidiaries at 31 December 2014 are set out in Note 35.

16 INVESTMENT IN ASSOCIATE

	Group	
	2014	2013
	US$'000	US$'000
Unquoted ordinary shares, at cost	**–**	64
Translation differences	**–**	2
Net carrying amount	**–**	66

Details of the Group's associated company is as follows:

Name of company	Place of incorporation and operations	Percentage of equity interest attributable to the Group		Principal activities
		2014	2013	
		%	%	
Shenzhen LASK Vigers Asset Management Company Ltd	PRC	**–**	40.0	Dormant

During the current financial year, the associated company – Shenzhen LASK Vigers Asset Management Company Ltd was disposed off to a third party for a consideration of RMB1.

17 AVAILABLE-FOR-SALE INVESTMENT

	Group	
	2014	2013
	US$'000	US$'000
Non-trading, unquoted equity securities	**2,295**	2,295
Less: Allowance for impairment	**(2,295)**	(2,295)
Estimated net recoverable amount (fair value)	**–**	–

18 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Trade receivables - third parties	**24,413**	43,816	**–**	–
Trade receivables - a related party	**11,797**	3,686	**–**	–
Less: Allowance for impairment loss	**(860)**	(897)	**–**	–
Trade receivables - net	**35,350**	46,605	**–**	–
Other receivables - third parties	**168**	153	**12**	12
Total trade and other receivables	**35,518**	46,758	**12**	12

At the end of the reporting period, included in trade and other receivables of the Group is a receivable of US$21.1 million (2013: US$37.9 million) which is the remaining consideration from the disposal of a Panyu property. The outstanding consideration as at 31 December 2014, is to be settled over 10 instalments in accordance with the terms as agreed.

18 TRADE AND OTHER RECEIVABLES (continued)

The amount owing by a related party is a receivable in relation to disposal of investment property units to the spouse of a director of the Company.

The fair value of the trade and other receivables approximates their carrying value at the end of the reporting period.

The Group made an impairment loss amounting to US$23,000 (2013: US$97,000) during the financial year. The movement of allowance for impairment losses is as follows:

	Group	
	2014	2013
	US$'000	US$'000
Beginning of financial year	**897**	829
Allowance utilised	**(60)**	(29)
Allowance for impairment loss recognised during the year	**23**	97
End of financial year	**860**	897

19 TRADEMARK

	Group	
	2014	2013
	US$'000	US$'000
Beginning of financial year	**10,317**	10,321
Translation adjustments	**(3)**	(4)
End of financial year	**10,314**	10,317

Licenses are available for the use of the trademark on the bases of a royalty charged which depends on the period and the specific license. The license provides an option for renewal based on meeting conditions of the license and may be renewed at little or no cost to the Group. As a result, the trademark is considered by the management as having an indefinite useful life and is tested for impairment annually or more frequently when there are indications of impairment.

The trademark is allocated to the Group's cash–generating units ("CGU"). The recoverable amount of the CGU is determined based on the value-in-use calculation. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and direct costs during the period. Management estimates pre–tax discount rates that reflect the current market assessment of the time value of money and the risks specific to the CGU as follows:

	CGU	
	2014	*2013*
	%	*%*
Gross margin [1]	**22**	21
Growth rate [2]	**7**	7
Discount rate [3]	**12**	12

(1) Budgeted gross margin.

(2) Growth rate used to extrapolate cash flows for the first to fifth budgeted period, and no growth from the sixth year.

(3) Pre-tax discount rate applied to cash flow projections.

These assumptions have been used for the analysis of CGU within the operating segment.

19 TRADEMARK (continued)

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used were consistent with the forecasts included in the industry reports. The discount rates used were pre–tax that reflected specific risks relating to the relevant operating segments. The growth rate did not exceed the long term average growth rate for property business services in which the CGU operated. The Group prepared cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and forecasted cash flows for the following five years.

20 GOODWILL

The goodwill is considered by the management as having an indefinite useful life on the bases that the Vigers business acquired its business combinations and ability to license out the use of the trademark for these business uses on a renewable business indefinitely. The goodwill is tested for impairment annually or more frequently when there are indications of impairment.

	Group	
	2014	2013
	US$'000	US$'000
Beginning of financial year	**520**	521
Translation adjustments	**–**	(1)
End of financial year	**520**	520

The goodwill is allocated to the Group's cash-generating units ("CGU"). The recoverable amount of the CGU is determined based on value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and direct costs during the period. Management estimates pre-tax discount rates that reflect the current market assessment of the time value of money and the risks specific to the CGU as follows:

	CGU	
	2014	2013
	%	%
Gross margin [1]	**22**	21
Growth rate [2]	**7**	7
Discount rate [3]	**12**	12

(1) Budgeted gross margin.

(2) Growth rate used to extrapolate cash flows beyond the budgeted period.

(3) Pre–tax discount rate applied to cash flow projections.

These assumptions have been used for the analysis of CGU within the operating segment.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used was consistent with the forecasts included in the industry reports. The discount rates used were pre–tax and reflected specific risks relating to the relevant operating segments. The growth rate did not exceed the long term average growth rate for property business services in which the CGU operated. The Group prepared cash flow forecasts derived from the most recent financial budgets approved by management for the next five years.

Management believes that the carrying amount of goodwill is not more than its recoverable amount.

21 OTHER CURRENT ASSETS

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Prepayments	**183**	134	**14**	23
Deposits	**397**	531	**–**	–
	580	665	**14**	23

22 NON-TRADE RECEIVABLES FROM SUBSIDIARIES – COMPANY

The balances are unsecured and interest-free and repayable on demand.

23 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Cash and cash equivalents	**4,369**	1,981	**7**	50

Cash and cash equivalents of the Group and the Company at 31 December 2014 and 31 December 2013 comprise cash held at banks and on hand.

Bank balances earn interest at floating rates based on daily bank deposit rates. Short term bank deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short–term deposit rates.

Bank and cash balances of US$441,000 (2013: US$304,000) are held in the People's Republic of China and are subject to local exchange control regulations. These regulations place restrictions on the amount of currency being exported from the country, other than through dividends.

24 SHARE CAPITAL

	Group and Company 2014 and 2013	
	Number of shares '000	**Value US$'000**
Authorised		
Ordinary shares of US$0.04 each		
At beginning and end of financial year	2,500,000	100,000
Issued and fully paid		
At 1 January 2013, 31 December 2013 and 31 December 2014	**1,166,667**	**46,667**

There were no movements in share capital during the financial years ended 31 December 2014 and 31 December 2013.

The Company has one class of ordinary shares which carries no rights to fixed income.

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

25 BANK LOANS

	Group	
	2014	2013
	US$'000	US$'000
Bank loans (secured):	**23,783**	41,509
Representing:		
- Non-current portion	**2,341**	2,648
- Current portion	**21,442**	38,861
	23,783	41,509

The bank loans are secured by assets with carrying values as below:

	Group	
	2014	2013
	US$'000	US$'000
Investment property in Singapore (Note 14)	**79,856**	146,983
Freehold land and building (Note 13)	**5,299**	4,500
	85,155	151,483

The bank loans are secured by the following:

(i) All monies Open Mortgage over the investment property and the land and buildings;

(ii) Assignment of all Lafe (Emerald Hill) Development Pte. Ltd. ("LEHD") rights, titles, interests and benefits in all the construction contracts, construction guarantees, performance bonds and insurances relating to the development in the investment property;

(iii) Assignment of all the LEHD's rights, titles, interests and benefits in all sale and purchase and tenancy agreements entered into by LEHD with the purchasers or tenants of the units in the investment property including all sale and rental proceeds; and

(iv) A corporate guarantee by the Company.

The total bank loans on the investment property amounting to US$21,244,000 are repayable by instalments up to 8 June 2015.

The interest rates on the bank loans at the end of the reporting period is 2.4% (2013: 2.4%) per annum on the investment property and 2.4% (2013: 2.1%) per annum on the freehold land and building.

Bank loans and other banking facilities of the Group were covered by corporate guarantees issued by the Company.

The carrying amounts of the current bank loans approximate their fair values.

Based on discounted cash flows using market lending rate for similar bank loans when the directors expect would be available to the Group at the end of the reporting period, the fair values of the non-current bank loans 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. The fair value measurement for disclosure purposes is categorised as Level 3 of the fair value hierarchy.

26 PROVISION FOR STAFF BENEFITS

Provision for staff benefits represents long service payments under the applicable regulations.

	Group	
	2014	2013
	US$'000	US$'000
Beginning of financial year	**287**	297
Net provision provided/(reversed) during the financial year	**12**	(10)
End of financial year	**299**	287

The provision represents the Group's estimated liability to employees who are expected to be eligible for long service payments under Hong Kong Employment Ordinance on termination of their employment or retirement when the employee fulfils certain conditions and the termination meets the required circumstances. The provision made is based on the Group's past experience and the directors' knowledge of the business and the work force, as reduced by certain benefits arising from the Group's retirement scheme.

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. It is a defined benefit plan which is funded by contributions to the retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$25,000 up to 31 May 2014. From 1 June 2014 onwards, the cap increased to HK$30,000.

The Group's net obligation in respect of long service payments to its employees upon the termination of their employment or retirement when the employee fulfills certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method, discounted to present value and reduced by entitlements accrued under the Group's retirement plans that are attributable to contributions made by the Group. The discount rate is the yield at the end of the reporting period on high quality corporate bonds which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses are recognised in full in profit or loss in the period in which they occur.

27 DEFERRED TAX LIABILITIES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current deferred tax assets against current deferred tax liabilities and when the deferred taxes relate to the same fiscal authority. The amounts, determined after appropriate off-setting, are shown on the consolidated statement of financial position as follows:

	Group	
	2014	2013
	US$'000	US$'000
Non-current:		
Deferred income tax liabilities		
- to be settled after one year	**2,114**	10,188

Movements in deferred tax account are as follows:

Beginning of financial year	**10,188**	13,257
Translation adjustments	**23**	(366)
Tax credited to profit or loss	**(8,097)**	(2,703)
End of financial year	**2,114**	10,188

27 DEFERRED TAX LIABILITIES (continued)

The major components of deferred income tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Revaluation of investment property	Accelerated tax depreciation	Fair value of trademark	Tax losses	Total
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**
At 1 January 2013	12,924	43	1,915	(1,625)	13,257
Current year tax credit to profit or loss	(2,662)	–	–	(41)	(2,703)
Translation adjustments	(424)	–	–	58	(366)
At 31 December 2013	9,838	43	1,915	(1,608)	10,188
Current year tax credit to profit or loss	(9,406)	–	–	1,309	(8,097)
Translation adjustments	17	–	–	6	23
At 31 December 2014	**449**	**43**	**1,915**	**(293)**	**2,114**

At the end of the reporting period, the Group has unutilised tax losses of US$20,692,000 (2013: US$26,107,000) that are available for carrying forward to offset against future taxable income 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. Deferred tax assets have been recognised in respect of US$1,721,000 (2013: US$9,458,000) of such losses. No deferred tax assets have been recognised in respect of the remaining US$18,971,000 (2013: US$16,649,000) losses as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised. Tax losses may be carried forward indefinitely.

28 TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Trade payables	**2,419**	2,539	**–**	–
Accrued expenses	**1,441**	1,630	**206**	274
Other payables	**218**	283	**47**	47
	4,078	4,452	**253**	321

29 NON-TRADE PAYABLE TO A RELATED COMPANY – GROUP

This amount is unsecured, being interest at 5.25% per annum and repayable on demand.

30 OPERATING LEASE COMMITMENTS

When the Group is a lessor

The Group leases out certain residential units to non-related parties under non-cancellable operating leases.

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

	Group	
	2014	2013
	US$'000	US$'000
Not later than one financial year	**1,041**	–
Later than one financial year but not later than five financial years	**577**	–
	1,618	–

When the Group is a lessee

The Group leases office premises from third parties and show room units from a related party under non-cancellable operating lease agreements. The leases have an average tenure of between 7 to 36 months (2013: 1 to 36 months). All leases include options for renewal.

The Group had outstanding commitments in relation to non-cancellable operating leases committed for at the end of the reporting period but not recognised as liabilities as follows:

	Group	
	2014	2013
	US$'000	US$'000
Not later than one financial year	**987**	857
Later than one financial year but not later than five financial years	**410**	1,041
	1,397	1,898

31 CORPORATE GUARANTEE

As at 31 December 2014, the Company had executed certain corporate guarantees amounting to US$23.8 million (2013: US$41.5 million) to secure the banking facilities granted to its subsidiaries. The amount of bank loan utilised by the Group that were covered by the corporate guarantees issued by the Company at the end of the reporting period is US$23.8 million (2013: US$41.5 million).

32 CONTINGENT LIABILITIES

(a) A plaintiff issued a writ of summons in the High Court of the Hong Kong Special Administrative Region Court of First Instance against the Company in February 2012 for a sum of US$5.7 million together with interest, costs and other reliefs as the Court sees fit. The claim is in relation to a guarantee and indemnity issued by the Company for its former subsidiary, Lafe Technology (Hong Kong) Limited ("LTHKL") under a factoring facility agreement. By a court order dated 14 July 2014, the actions taken by the plaintiff against LTHKL and the Company have been consolidated. The plaintiff has obtained compensation from its insurer and its aggregate claims against LTHKL and the Company have been reduced to US$1.8 million plus interest. The parties have yet to exchange their witness statements.

The Group's legal advisers advised that based on the documents disclosed by the plaintiff, the plaintiff's claim may not be meritorious.

32 CONTINGENT LIABILITIES (continued)

(b) A plaintiff, which is in creditors' voluntary liquidation, issued a writ of summons in the High Court of the Hong Kong Special Administrative Region Court of First Instance against certain subsidiaries of the Vigers Group and others on 3 May 2013 together with a statement of claim (with subsequent amendments made on 21 June 2013 and 7 October 2014 respectively) for breaches of fiduciary duties, preferential payments of approximately US$1.58 million, fraudulent disposition of certain funds of approximately US$1.06 million, disposition of the plaintiff's property of approximately US$1.23 million and failure to put in place proper professional indemnity insurance for the plaintiff. All the transactions in relation to these allegations happened prior to the acquisition of the Vigers Group by the Company. The action is at its discovery stage.

The Group's legal advisers advised that based on the documents disclosed by the plaintiff, the plaintiff's prospects of succeeding are low.

The management is of the view that no provision is necessary for any of the legal suits described above having considered the stage of the suits and the opinions obtained from the Group's legal advisers.

33 RETIREMENT BENEFITS SCHEME

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Scheme") under the Mandatory Provident Fund Scheme Ordinance of Hong Kong, for those employees who are eligible to participate in the Scheme. Contributions are made based on a percentage of the employees' basic salaries in accordance with the rules of the Scheme. The assets of the Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the Scheme.

PRC employees of the Group's subsidiary registered in the PRC are members of the pension scheme operated by the PRC local government. The PRC subsidiary is required to contribute a certain percentage based on a relevant portion of the payroll of these employees to fund the benefits. The only obligation of the Group in respect of the pension scheme is the required contributions under the pension scheme.

In the case of eligible Singapore employees, the Group pays to a defined contribution plan. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, 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.

34 RELATED PARTY TRANSACTIONS

(a) Group and related party transactions

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, who were not members of the Group during the financial year on terms agreed by the parties concerned. The related parties comprise the spouse of one of the directors of the Company and certain companies held by a discretionary trust of which the same director of the Company is one of the beneficiaries.

	Group	
	2014	2013
	US$'000	US$'000
Interest expenses (charged at 5.25% per annum) paid/payable to a related company	**(68)**	(281)
Property development and investment service fees paid/payable to a related company	**(2,791)**	(2,663)
Rental paid to the spouse of one of the directors of the Company	**(173)**	(40)
Sales consideration for disposal of investment property units to the spouse of one of the directors of the Company	**12,645**	7,509

34 RELATED PARTY TRANSACTIONS (continued)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2014	2013
	US$'000	US$'000
Directors and key management personnel remuneration	**1,878**	1,485
Non-executive directors' fees (Note 10)	**159**	170
Retirement benefit scheme	**84**	80
	2,121	1,735

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

35 PARTICULARS OF SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2014 are as follows:

Name of company	Place of incorporation/ operations	Issued and paid up/ registered capital	Percentage of equity interest attributable to the Group		Principal activities
			2014	2013	
			%	%	
Held by the Company					
Lafe Holdings Limited[1]	The British Virgin Islands ("BVI")	US$100	**100**	100	Investment holding
Lafe (Emerald Hill) Development Pte. Ltd. [1]	Singapore	S$1,000,000	**100**	100	Properties developer
Vigers Group Pte. Ltd. (formerly known as Lafe Development Pte. Ltd.) [1]	Singapore	S$2	**100**	100	Property management services
Infomaster Holdings Limited[1]	BVI	US$2	**100**	100	Investment holding
Wave Track Limited[1]	BVI	US$2	**100**	100	Investment holding
Forchess Star Company Limited[1]	BVI	US$2	**100**	100	Investment holding
Held by Lafe Holdings Limited					
Lafe Strategic Services Limited[2]	Hong Kong	HK$20	**100**	100	Close protection services
Markwood Capital Limited[1]	BVI	US$2	**100**	100	Investment holding
Held by Lafe Strategic Services Limited					
Lafe Investment Consultancy Limited [3]	PRC	HK$1,000,000	**100**	100	Investment holding
Vigers Security Limited[2]	Hong Kong	HK$400,000	**100**	100	Security guard services

35 PARTICULARS OF SUBSIDIARIES (continued)

Details of the Company's subsidiaries as at 31 December 2014 are as follows: (continued)

Name of company	Place of incorporation/ operations	Issued and paid up/ registered capital	Percentage of equity interest attributable to the Group		Principal activities
			2014	2013	
			%	%	
Held by Vigers Group Pte. Ltd.					
Vigers Property Management Pte. Ltd. (formerly known as Vigers Pte Ltd)[1]	Singapore	S$2	**100**	100	Property management services
Vigers Real Estate Pte. Ltd. (formerly known as Lafe Pte. Ltd.) [1]	Singapore	S$2	**100**	100	Property management services
Held by Wave Track Limited					
Lafe Development (China) Limited [1]	BVI	US$2	**100**	100	Investment holding
Held by Forchess Star Company Limited					
Vigers Holdings Ltd.[2]	BVI	US$10,553,000	**100**	100	Investment holding
Lucksberg Holdings Limited[1]	BVI	US$2	**100**	100	Investment holding
Held by Vigers Holdings Ltd.					
Vigers Appraisal and Consulting Limited[2]	Hong Kong	HK$1,000,000	**100**	100	Property appraisal and consulting services
Vigers Asset Management Limited[2]	Hong Kong	HK$20	**100**	100	Property management services
Vi-Tech Facilities Services Limited[2]	Hong Kong	HK$100	**100**	100	Architectural consultancy services
Vigers Building Consultancy Limited[2]	Hong Kong	HK$8,000,000	**100**	100	Building consultancy services
Vigers E–Net Limited[2]	Hong Kong	HK$1,000	**100**	100	Property appraisal services in internet
Vigers Asia Pacific Limited[2]	Hong Kong	HK$100	**100**	100	Corporate administration services
Vigers Nominees Limited[2]	Hong Kong	HK$1,000	**100**	100	Corporate services
Vigers Realty Limited[2]	Hong Kong	HK$10,000	**100**	100	Real estate agency services
Vigers Macao Company Limited[2]	Macao	MOP25,000	**100**	100	Property appraisal services
Vigers Appraisal and Consulting (International) Limited[2]	Hong Kong	HK$1,200	**100**	100	Investment holding and consultancy services

35 PARTICULARS OF SUBSIDIARIES (continued)

Details of the Company's subsidiaries as at 31 December 2014 are as follows: (continued)

Name of company	Place of incorporation/ operations	Issued and paid up/ registered capital	Percentage of equity interest attributable to the Group		Principal activities
			2014	2013	
			%	%	
Held by Vigers Holdings Ltd. (continued)					
Vigers Asia Pacific Holdings Limited[2]	BVI	US$1	**100**	100	Investment holding
Vigers External Wall Consultant Limited[2]	Hong Kong	HK$1,000	**100**	100	Building consultancy services
Held by Vigers Appraisal and Consulting (International) Limited					
Vigers Property Consultants (Shanghai) Ltd[4]	PRC	US$345,000	**100**	100	Property management and agency services
Held by Vigers Asia Pacific Limited					
Vigers Property Consultants (Beijing) Ltd[5]	PRC	RMB500,000	**100**	100	Property management and agency services
Vigers Investment Consultants (Shenzhen) Ltd[6]	PRC	RMB100,000	**100**	100	Property consultancy services
Held by Vigers Asia Pacific Holdings Limited					
Vigers Property Management Services (Hong Kong) Limited[2]	Hong Kong	HK$8,900,000	**100**	100	Property management services
The Grande Properties Management Limited[2]	Hong Kong	HK$2	**100**	100	Property management services
Held by Lucksberg Holdings Limited					
Vigers Pacific Limited[1]	Cayman Islands	US$100	**100**	100	Trademarks holding
Vigers Asia (Holdings) Limited[1]	Cayman Islands	US$100	**100**	100	Trademarks holding

(1) Audited / reviewed by Baker Tilly TFW LLP, Singapore.

(2) Audited / reviewed by Moore Stephens CPA Limited, Hong Kong.

(3) Audited by Guangzhou Yeqin Certified Public Accountants Co Ltd.

(4) Audited by Shanghai An Da Hua Xin Certified Public Accountants Co Ltd.

(5) Audited by Beijing Daqi International Certified Public Accountants Co Ltd.

(6) Audited by Shenzhen Bangde Certified Public Accountants Co Ltd.

36 RISK FACTORS AND RISK MANAGEMENT

The risk factors, risk management policies and related procedures for the Group are summarised as follows:

Reliance on property business

The Group will concentrate its efforts and resources on its property business, which will be affected by the property market.

The Group has diversified the risk by making property investment and developments in different locations.

In addition, Vigers Group is a reputable property service group specialising in property appraisal, business valuation, property management, building services engineering, real estate agency and project management with a strong presence in the Far East region.

(a) Categories of financial instruments

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

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Financial assets				
Trade and other receivables	**35,518**	46,758	**73,230**	73,674
Other current assets	**397**	531	**–**	–
Bank and cash balances	**4,369**	1,981	**7**	50
Loans and receivables	**40,284**	49,270	**73,237**	73,724
Financial liabilities				
Trade and other payables	**3,999**	4,452	**253**	321
Non-trade payable to a related company	**2,258**	–	**–**	–
Bank loans	**23,783**	41,509	**–**	–
Financial liabilities at amortised cost	**30,040**	45,961	**253**	321

(b) 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 entities in the Group. The foreign currencies in which the Group's currency risk arises are mainly US dollars ("USD"), Singapore dollars ("SGD") and Renminbi ("RMB").

There is no formal hedging policy with respect to foreign currency exposure. Exposure to foreign currency risk is monitored on an on–going basis and the Group endeavors to keep the net exposure at a minimum level.

36 RISK FACTORS AND RISK MANAGEMENT (continued)

(b) Foreign currency risk (continued)

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

Group

	Group	
	2014	2013
	US$'000	US$'000
Bank and cash balances	**439**	257
Trade and other receivables	**289**	324
Trade and other payables	**(412)**	(475)
Net financial assets denominated in foreign currency	**316**	106

Sensitivity analysis for foreign exchange currency risk

A 5% fluctuation in the RMB against USD, with all other variables held constant will not have a significant impact on the Group's net loss after tax. The sensitivity analysis for the other foreign currencies is not disclosed as the impact on the Group's loss after tax is not significant.

Company

At the end of the reporting period, the Company has no significant financial assets and financial liabilities denominated in currencies other than the functional currency.

(c) Credit risk

Credit risk refers to the risk that counter–parties may be unable to meet their obligations resulting in financial loss to the Group. It is the Group's policy to enter into transactions with credit–worthy parties to mitigate any significant concentration of credit risk. Potential exposures are monitored and reported to management on a timely basis. The Group does not require collateral for the majority of its trade and other receivables. The Group maintains an allowance for impairment loss of receivables for estimated losses resulting from the inability of debtors to make required payments. Allowances for impairment of receivables are based on the estimates of future cash flows on the aging of the trade receivables balance, their credit-worthiness and historical write–off experience. The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the year end.

Bank balances and short term bank deposits are held with reputable financial institutions and are neither past due nor impaired.

As at 31 December 2014, the allowance for impairment of trade and other receivables was US$860,000 (2013: US$897,000). The movements in allowance for impairment of trade and other receivables during the financial year are presented in Note 18.

Except for trade and other receivables with specific terms of repayment, the Group extends an average credit period of 30 days (2013: 30 days).

36 RISK FACTORS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are past due but not impaired

The aging analysis of trade and other receivables past due but not impaired is as follows:

	Group	
	2014	2013
	US$'000	US$'000
Past due less than 30 days	**351**	342
Past due 31 to 60 days	**238**	153
Past due 61 to 90 days	**67**	48
Past due over 90 days	**257**	278
	913	821

Trade and other receivables of the Group as at 31 December 2014 were concentrated on two customers (2013: one customer) in relation to sale of the Group's property in Panyu in the PRC and sale of the Group's investment property units in Singapore. The receivable accounted for 92.5% (2013: 81.1%) of total receivables.

(d) Interest rate risk

Interest rate risk arises on interest–bearing financial instruments recognised in the statement of financial position. It is the risk that changes in interest rates will affect the Group's income or the value of its holdings of financial instruments.

The Group's exposure to interest rates relates primarily to interest-earning financial assets and interest–bearing financial liabilities. Interest rate risk is managed by the Group on an on–going basis with the primary objective of limiting the extent to which the interest could be affected by an adverse movement in interest rates.

The Group ensures that surplus funds are deposited at favorable interest rates with reputable financial institutions in the PRC, Hong Kong, Singapore and Macau.

The debt obligations pertain to its borrowings from banks in Singapore. The Group does not hedge interest rate risk. The Group ensures that it borrows at competitive interest rates under favorable terms and conditions.

The interest rates for short term bank deposits are fixed. The Group's exposure to interest rate risks arises mainly from the bank loans at variable rates. The bank loans at 31 December 2014 are the construction loan for the Emerald Hill project and the mortgage loan on the Singapore office. If the interest rates increase/decrease by 0.5% (2013: 0.5%), with all other variables including tax rate being held constant, the loss after taxation will be lower/higher by US$99,400 (2013: US$174,000) as a result of higher/lower interest expense on these bank loans.

36 RISK FACTORS AND RISK MANAGEMENT (continued)

(e) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's cash and cash equivalents, operating cash flow and availability of banking facilities are actively managed to ensure that there is adequate working capital and that repayment and funding needs are met.

The table below summarised the maturity profile of the financial liabilities based on contractual undiscounted repayment obligations:

	Less than 1 year US$'000	Between 1 to 5 years US$'000	Over 5 years US$'000	Total US$'000
Group				
At 31 December 2014:				
Trade and other payables	**3,999**	**–**	**–**	**3,999**
Non-trade payable to a related company	**2,258**	**–**	**–**	**2,258**
Bank loans	**21,708**	**976**	**1,696**	**24,380**
	27,965	**976**	**1,696**	**30,637**
At 31 December 2013:				
Trade and other payables	4,452	–	–	4,452
Bank loans	39,410	1,035	2,013	42,458
	43,862	1,035	2,013	46,910
Company				
At 31 December 2014:				
Other payables	**253**	**–**	**–**	**253**
At 31 December 2013:				
Other payables	321	–	–	321

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

	Less than 1 year US$'000	Between 1 to 5 years US$'000	Over 5 years US$'000	Total US$'000
Company				
At 31 December 2014:				
Financial guarantee contracts	**21,442**	**791**	**1,550**	**23,783**
At 31 December 2013:				
Financial guarantee contracts	38,861	825	1,823	41,509

36 RISK FACTORS AND RISK MANAGEMENT (continued)

(f) Capital risk

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, issue new shares or obtain new borrowings.

Management monitors capital with reference to net debt-to-equity ratio. The Group strategies, which were unchanged from the previous year, are to maintain a prudent balance between the advantage and flexibility afforded by a strong capital position and the higher return on equity that are possible with greater leverage.

The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as all financial liabilities (including trade and other payables) less cash and cash equivalents. Total equity comprise share capital and all reserves.

	Group		Company	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Net debts	**25,671**	43,980	**246**	271
Total equity	**104,572**	155,151	**137,870**	138,298
Net debt-to-equity ratio	**0.25**	0.28	**0.002**	0.002

The Group and Company are in compliance with all externally imposed capital requirements and financial covenants for the financial years ended 31 December 2014 and 31 December 2013.

37 FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group adopted the amendments to IFRS 7 which require disclosure of fair value measurements by level of the fair value measurement hierarchy.

The fair value hierarchy levels are defined as follows:

(i) Level 1 - quoted prices (unadjusted) in active market 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).

37 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(b) Fair value measurements of assets and liabilities 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 at 31 December 2014.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
2014				
Non-financial assets				
Property, plant and equipment				
- freehold land and building	**–**	**–**	**5,299**	**5,299**
Investment property	**–**	**–**	**79,856**	**79,856**
Total non-financial assets	**–**	**–**	**85,155**	**85,155**
2013				
Non-financial assets				
Property, plant and equipment				
- freehold land and building	–	4,500	–	4,500
Investment property	–	146,983	–	146,983
Total non-financial assets	–	151,483	–	151,483

(c) Determination of fair values

(i) Property, plant and equipment

The freehold land and building is valued at their highest and best use by independent valuers based on comparable market transactions that consider sales of similar properties that have been transacted in the open market at the end of the reporting period, with appropriate yield adjustments made for differences in the nature, location or condition of the specific properties being valued.

The fair value measurement of freehold land and building is categorised as Level 3 in the fair value hierarchy.

(ii) Investment property

The fair value of the Group's investment property at 31 December 2014 is determined based on the property's highest and best use valuation by an external and independent valuer. The fair value has been determined on an en-bloc market value basis as at 31 December 2014. The valuation method used is based on current market conditions and restrictions (Level 3 fair value hierarchy).

In 2013, the fair value of the Group's investment property was determined based on the properties' highest and best use by an external and independent valuer approach at 31 December 2013. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square metre (Level 2 fair value hierarchy).

(d) Transfer between fair value hierarchy

During the financial year ended 31December 2014, the Group transferred investment property and property, plant and equipment- freehold land and building from Level 2 to Level 3 of the fair value hierarchy. The carrying amount of total non-financial assets as at 1 January 2014 transferred was US$151,483,000.

The reason for the transfer from Level 2 to Level 3 is because of the non market-observable inputs used in the valuation as described in Note 37(c).

37 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(e) Movements in Level 3 non-current assets measured at fair value

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

	Investment property		Property, plant and equipment - freehold land and building	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Beginning of financial year	**–**	–	**–**	–
Transfer from Level 2	**146,983**	–	**4,500**	–
Revaluation gain recognised in other comprehensive income	**–**	–	**997**	–
Fair value loss recognised in profit or loss	**(38,905)**	–	**–**	–
Translation adjustments	**(3,168)**	–	**(184)**	–
Disposals	**(25,054)**	–	**–**	–
Depreciation charge	**–**	–	**(14)**	–
At end of financial year	**79,856**	–	**5,299**	–
Total loss for the year included in:				
Profit or loss:				
Other net loss				
- Decrease in fair value of investment property	**(38,905)**	–	**–**	–
Administrative costs				
- Depreciation charge	**–**	–	**(14)**	–

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

The carrying amounts of financial assets and liabilities are reasonable approximation of fair values due to their short-term nature or that there are no significant changes in the bank loans interest rates available to the Group at the end of the reporting period.

The Group and the Company have no other financial instruments.

FINANCIAL SUMMARY

	2010 US$'000	2011 US$'000	2012 US$'000	2013 US$'000	2014 US$'000
RESULTS					
Continuing operations					
Revenue	89,178	11,822	13,025	13,184	13,707
Profit / (loss) before taxation	22,989	25,445	3,609	(18,425)	(60,720)
Taxation	(1,925)	(5,654)	4,793	1,674	9,046
Profit / (loss) from continuing operations	21,064	19,791	8,402	(16,751)	(51,674)
Loss from discontinued operations	(1,731)	–	–	–	–
Net profit / (loss) for the year	19,333	19,791	8,402	(16,751)	(51,674)
Basic earnings / (loss) per share (US cents)	1.77	1.70	0.72	(1.44)	(4.43)
ASSETS AND LIABILITIES					
Non-current assets	53,188	221,567	42,370	16,183	16,798
Current assets	181,065	38,260	204,304	196,387	120,323
Current liabilities	(74,081)	(21,149)	(56,934)	(44,296)	(27,795)
Net current assets	106,984	17,111	147,370	152,091	92,528
Non-current liabilities	(11,450)	(70,378)	(16,512)	(13,123)	(4,754)
Net assets	148,722	168,300	173,228	155,151	104,572

Notes to financial summary

The results for the five years ended 31 December 2014 have been extracted from the audited consolidated statement of comprehensive income, which include the results of the Group for each of the two years ended 31 December 2014 and 2013 as set out on page 20 of the annual report.

This page and the pages thereafter do not form part of the audited financial statements.

The Group obtained shareholders' approval at two special general meetings on 5 December 2014 for the interested persons transactions ("IPT"), for the year ended 31 December 2014, where the value of the transactions fell above the required 5% of the Group's latest audited net tangible assets. The aggregate value of all interested person transactions during the financial year 2014, which fall under the listing manual, were as follows:

Name of Interested Person	Aggregate value of all IPT during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders mandate pursuant to Rule 920) US$'000	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) US$'000
Associates of Mr. Christopher Ho Wing-On	5,576	–

Pursuant to SGX Listing Rule 920(1)(c), the Audit Committee confirmed that the methods or procedures for determining the transaction prices have not changed since last shareholders' approval and are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interest of the Company and its minority shareholders.

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of Lafe Corporation Limited (the "Company") will be held at Concorde Hotel, 100 Orchard Road, Orchard, Singapore 238840 on Monday, 27 April 2015 at 10.00 a.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Financial Statements for the year ended 31 December 2014 and the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr. Will, Eduard William Rudolf Helmuth, who will retire by rotation pursuant to the Company's Bye-laws 86(1) and (2) and who, being eligible, will offer himself for re-election. **(Resolution 2)**

3. To approve the Directors' Fees of S$200,558.55 for the year ended 31 December 2014 (2013: S$212,231.27). **(Resolution 3)**

4. To approve re-appointment of Messrs Baker Tilly TFW LLP as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Resolution 4)**

AS SPECIAL BUSINESS

To consider and if thought fit, approve with or without modifications, the following ordinary resolution:

5. Authority to Issue Shares

   That pursuant to the Companies Act 1981 of Bermuda and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to issue shares ("Shares") in the capital of the Company whether by way of rights, bonus or otherwise; and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

   (i) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) (**or such other higher or lower limit as may be prescribed by the SGX-ST**) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the Company;

   (ii) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) of the Company as at the date of the passing of this Resolution, after adjusting for:

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

      (b) new shares arising from exercising share options or vesting of Share awards outstanding or subsisting at the time this Resolution is passed; and

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

(iii) that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier, or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities. **(Resolution 5)**

By Order of the Board

Paul Francis Gregory Binney
Company Secretary
Singapore, 9 April 2015

Notes:

1. A Shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

2. If a Shareholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote at the AGM in his stead, then he should complete and sign the relevant Shareholder Proxy Form and deposit the duly completed Shareholder Proxy Form at the office of the Company's Singapore Share Transfer Agent, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902, not later than 48 hours before the time appointed for the AGM.

3. A Depositor whose name is shown in the Depository Register of The Central Depository (Pte) Limited ("CDP") as at a time not earlier than 48 hours prior to the time of the AGM who/which is (i) an individual but is unable to attend the AGM personally and wishes to appoint a nominee to attend and vote; or (ii) a corporation, must complete, sign and return the Depositor Proxy Form and deposit the duly completed Depositor Proxy Form at the office of the Company's Singapore Share Transfer Agent, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902, not later than 48 hours before the time appointed for the AGM.

4. If a Shareholder who has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members of the Company is unable to attend the AGM and wishes to appoint a proxy, he should use the Depositor Proxy Form and the Shareholder Proxy Form for, respectively, the Shares entered against his name in the Depository Register and the Shares registered in his name in the Register of Members of the Company.

5. A Depositor who is an individual and whose name is shown in the Depository Register as at a time not earlier than 48 hours prior to the time of the AGM and who wishes to attend the AGM in person need not take any further action and can attend and vote at the AGM as CDP's proxy without the lodgment of any proxy form.

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