

NOBEL
DESIGN
HOLDINGS LTD
ANNUAL REPORT 2014

WORKING TOGETHER
IS SUCCESS



MISURA EMME

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CHAIRMAN'S STATEMENT

MERIDIANI

“Coming together is a beginning; keeping together is progress; working together is success.”

~ Henry Ford

Dear Valued Shareholders,

Over the last 30 years, the Nobel Group has attracted, retained and groomed a good number of dedicated and talented individuals. Together, they have collectively grown the company from an interior design company serving the Singapore market, to one that has a global reach in businesses that encompass property development, furniture retail and supply chain management in addition to interior design.

With a wide spectrum of customers with different needs, the Group has created operating divisions that have developed many unique resources and are staffed with team members equipped with specialised skill sets that will continue to ensure growth in their target segments.

Increasingly, we have been able to bring together the resources and skills from our different divisions to seize business opportunities that may be beyond the ability of a single division. We shall continue to leverage this capability to move beyond what we are currently doing and work together to generate value by closer cooperation.

We shall also redouble our efforts to look beyond our shores to grow and diversify our property business. The

management team is now actively looking for sales, acquisition and long term investment opportunities on a global basis.

Whilst we are galvanising the resources and people of the company to work together in this challenging market where the local property market is anaemic and global markets volatile, it is with a heavy heart that the directors of Nobel have had to contend with a defamation lawsuit from a fellow director, Bert Choong, over the company's release of an SGX announcement. Those directors named in the lawsuit will be contesting the lawsuit vigorously. Needless to say, the Board will strive to remain focused and always seek to protect the interest of the Company and its shareholders.

Corporate Governance

During the course of the last year, it gave me satisfaction to oversee the exercise of improving the corporate governance practices of the Company. The key benchmark of corporate governance standards in Singapore is the Governance and Transparency Index (GTI), organised by The Business Times and the Centre for Governance, Institutions and Organisations at NUS.

In GTI2013, the Company was ranked 630th out of 663 listed companies on the SGX. I am pleased to inform shareholders

that in GTI2014, we managed to significantly improve our score from 19 points in 2013 to 55 points in 2014, nearly a three-fold increase! This meant that we achieved a massive leap in our rankings from 630th to 111th out of 644 listing companies. In addition, various directors on the Board have begun attending training courses and events run by the Singapore Institute of Directors.

Together, the Board is committed to continuing this journey to improve our corporate governance standards.

Note of Appreciation

I am humbled by the faith and support of the board of directors and honoured to be part of an organisation where everyone works together to create value for our customers, community and shareholders.

All of us may bring different perspectives and opinions to the table and it is my duty as Chairman to ensure everybody comes together, works together and keeps together to deliver continuing success to reward our shareholders for their support.

Adrian Chan
Chairman

CEO'S STATEMENT

Strong Growth in Revenue in 2014

2014 was another year of strong revenue growth for the Group. Revenue in the financial year ended 31 December 2014 (FY2014) was \$147.21 million, an increase of 35% from \$109.32 million in the financial year ended 31 December 2013 (FY2013).

The Group's net profit for FY2014 increased to \$23.10 million from \$20.13 million a year ago. Our operating divisions in furniture retail, interior design, supply chain management and property development, all contributed positively to both the Group's top and bottom lines in 2014.

Furniture Retail and Interior Design

Our furniture retail division continued to innovate and improve their offerings in 2014. Marquis launched Frato's first mono-brand showroom in Asia at Great World City, showcasing a unique furniture collection that fuses classic and contemporary influences and reinforces Marquis' position as a purveyor of the finest furniture and furnishings in Singapore. OM also held a successful event during InDesign 2014, firmly establishing themselves as a leading provider of affordable designer furniture.

In 2015, Marquis will be launching an exclusive showroom featuring the Bentley Home furniture and home-ware collection, which will present for the home the exquisite materials and craftsmanship found in Bentley automobiles. OM will also be launching Sleeplab, a dedicated bedding boutique concept that will provide the best sleep solutions to consumers.

New home completions are expected to be high in 2015 and 2016 and while the operating environment in terms of cost structure and competition remains challenging, we hope to see modest growth in demand for our furniture retail division for the next 2 years.

SuMisura, our interior design division, continued to do well in 2014, delivering many homes for developers and consumers alike. They have received high praise from their customers for

their ability to deliver designs that incorporate flair, function and form. The show units at the prestigious D'Leedon at Farrer Road, The Interlace at Depot Road and Palms@Sixth Avenue are just some of the projects handed over by the SuMisura team in 2014.

USA Supply Chain

Despite a fall in profitability, our supply chain business under the Buylateral Group continued to grow robustly in 2014 with revenue increasing by an impressive 26%. The Buylateral Group made substantial investments in marketing, supply chain infrastructure and logistics to support the growth in sales, which will enable us to capitalise on the economic recovery in the USA.

Property Development

As anticipated, the Singapore market for new private homes was weak as a result of the Government's property cooling measures, and we sold 3 out of 27 units we launched at One Surin.

Our first foray into UK real estate was more promising, as we have already sold 59 units of the 163-unit turnkey apartment project we acquired at Marine Wharf East in London in May 2014. We shall be launching a 22-unit development at Covent Garden, London in the second half of 2015.

We are currently looking at property development opportunities in Japan, Penang and the USA and will update shareholders if we embark on any viable opportunities. Venturing into overseas markets will require a long term perspective and being new markets for us, we will be cautious in evaluating such opportunities.

Corporate Social Responsibility (CSR)

In 2014, Nobel engaged in social community work as a Group when we volunteered our time at Willing Hearts, a charity organisation that focuses on providing food for the needy. This has allowed us to forge social bonds and has proven to be a rewarding experience for our staff. Moving forward, we will continue our modest but meaningful efforts in CSR activities.

KARTELL



Conclusion

Since 2007, when the board put in place a succession plan for my subsequent appointment as CEO in 2010, the Group has, with the help of my management team and staff, been able to grow our profits by focusing on our property business and stabilising and, subsequently, improving the profitability of our furniture business.

Between 2007 and 2014, the Group made great strides in improving our profitability and strengthening our financial health. Our strong balance sheet will enable us to further grow our various business units over the next few years and beyond.

As a Group, we have cultivated a strong management team that has the ability and drive to seize opportunities and to prevail against any difficulty. Together with my team, we will do our best amidst a challenging market to continue to contribute to the success of the Group.

2014 has been a strong year for the Group. While we face a world that is uncertain, I am reminded of a saying by the great Winston Churchill: "A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty."

On this note, I would like to express my gratitude to our shareholders and Board of Directors for giving me the opportunity to lead the company.

Terence Goon

Group CEO and
Group Managing Director

BOARD OF DIRECTORS



PORADA

MR. CHAN PENGEE ADRIAN Non-Executive Chairman and Independent Director

Mr. Adrian Chan was appointed to the Board on 24 June 2013. Adrian is the Non-Executive Chairman of the Board and the Chairman of the Nominating Committee. Adrian is also a member of the Audit Committee and Remuneration Committee.

He is the Head of the Corporate Department and a Senior Partner at the law firm, Lee & Lee. He is the First Vice-Chairman of the Singapore Institute of Directors and is on the board of the Accounting and Corporate Regulatory Authority of Singapore (ACRA). He serves on the Executive Council of the Association of Small and Medium Enterprises as its Honorary Secretary and sits on the Corporate Governance and Regulations Committee of the Singapore International Chamber of Commerce.

He is a director of Hogan Lovells Lee & Lee, the joint law venture between Lee & Lee and the international law firm, Hogan Lovells, and is an independent director on the Boards of Biosensors

International Group Ltd, Hong Fok Corporation Limited, Ascendas Fund Management (S) Limited, Global Investments Limited and Yoma Strategic Holdings Ltd, all of which are listed on the Singapore Exchange. He will be retiring from the Boards of AEM Holdings Ltd and Isetan (Singapore) Limited at their upcoming AGMs in April 2015. He also serves on the board of the charity, Shared Services for Charities Limited.

He serves on the Corporate Practice Committee and the Finance Committee of the Law Society of Singapore and was appointed to the Audit Committee Guidance Committee, established by the MAS, ACRA and the Singapore Exchange.

MR. GOON EU JIN TERENCE Group CEO and Group Managing Director

Mr. Terence Goon is the Group CEO and Group Managing Director. Apart from overseeing the daily operations of the Group, his responsibilities include corporate planning, strategic planning and business development, and the management of functional areas including finance, investor relations, human resources and marketing communications. He is also the Chief Executive Officer of Buylateral Group, the Group's supply chain management, sourcing and distribution of furniture for the USA market. Mr. Goon also spearheads the Group's property development division. Mr. Goon graduated with a Bachelor of Accountancy (2nd Class Honors) from the National University of Singapore and was formerly with the Economic Development Board and Arthur Andersen.



MINOTTI

MS. WEE AI QUEY Chief Operating Officer and Executive Director

Ms. Wee Ai Quey, a co-founding member of the Group, is the Group's Executive Director. Ms. Wee is responsible for the marketing, sourcing, operations and brand development of the Group's imported furniture business. With over 25 years' experience in interior design and furniture retail business, Ms. Wee is the driving force behind the Group's success in the luxury furniture business and is responsible for the management of Marquis Furniture Gallery Pte Ltd which carries the following brands Minotti, Porada, Meridiani, Misura Emme, Cierre, Visionnaire, Hamilton Conte, Frato and Lifestorey.

DR. TEH BAN LIAN Independent and Non-Executive Director

Dr. Teh Ban Lian is an Independent and Non-Executive Director of the Company since 13 June 2005 and is the chairman of the Audit Committee and a member of the Nominating Committee.

Dr. Teh has been holding senior corporate executive position for over thirty years. He last served as Vice-Chairman of Chesterton International Property Consultants Pte Ltd. Amongst



HAMILTON CONTE



ENTUNE LIVING



TACCHINI

his previous other appointments, he was the Managing Director of Emporium Group, Executive Director of China Everbright Limited and a former Independent Director of Japan Land Limited. He is a past President of the Singapore Retailers Association for eight years.

Dr. Teh holds a PhD. (Bus. Admin.) (Hon) from an American university and was nominated in 'Who's Who of the Asian Pacific Rim' – 1999/2000 International Edition by Barons, USA. Dr. Teh was conferred the Public Service Medal – PBM (Pingat Bakti Masyarakat) National Day Awards in 2003.

MR. HENG CHYE YAM
Independent and Non-Executive Director

Mr. Heng Chye Yam is an Independent and Non-Executive Director of the Company since 26 April 2005 and is the chairman of the Remuneration Committee. Mr. Heng is also a member of the Audit Committee and Risk Management Sub-Committee. Mr. Heng is presently the Managing Director of Metalwood Pte Ltd. Mr.

Heng holds an MBA from the University of Hull, Graduate Diploma in both Marketing and Personnel Management and a Bachelor of Science (Hons) in Computer Science.

MR. WONG SOON CHIU
Independent and Non-Executive Director

Mr. Wong Soon Chiu is a Non-Executive Director of the Company since 08 January 2003 and is re-designated to an Independent and Non-Executive Director on 25 February 2014. Mr. Wong is the chairman of the Risk Management Sub-Committee and a member of the Audit Committee. Mr. Wong holds an MBA from Brunel University of Reading. He is a Fellow member of the Association of International Accountants of UK, and an Associate of the Institute of Secretaries and Administrators, UK and a Fellow member of the Association of Taxation and Management Accountants, Australia.

MR. CHOONG CHEE PENG BERT
Non-Executive Director

Mr. Bert Choong was founder of Nobel Design in 1982 and served as Executive Chairman till 26 March 2013. Mr Choong relinquished his Executive Chairman role on 26 March 2013 and remains as a Non-Executive Director of the Company since 26 March 2013. Mr. Choong was a past President of the Singapore Furniture Industries Council ("SFIC") and is currently the President Advisor of SFIC.

MR. CHAN KUM LEONG
Non-Executive Director

Mr. Chan Kum Leong is a Chartered Accountant and an Associate Member of the Institute of Chartered Accountants of England and Wales. He joined the Board on 21 June 2012 and is a member of the Remuneration Committee and also a member of the Risk Management Sub-Committee. He was the Group Financial Controller of the Lian Huat Group – a substantial shareholder of the Company.

MS. ONG CIU HWA
Executive Director

Ms. Ong Ciu Hwa joined the company in 2004 as the Finance Manager of the Company and is responsible for the Group financial reporting and accounting function, taxation, banking, and administration matters. She is a Chartered Accountant and has over 10 years accounting and finance experience.



FRATO

KEY MANAGEMENT

VISIONNAIRE

MR. MIKE CHUA SEOW CHANG Director, Numero Uno Creative Group Pte Ltd

Mr. Chua joined the Company in 1987. He is currently a director of Numero Uno Creative Group Pte Ltd. He is responsible for directing business operations, implementing marketing strategies, and managing the day-to-day operations of the company. With over 25 years' experience, he provides his team members with strong leadership and deep knowledge in residential design and build projects.

MR. ROLAND TOH POH SOON General Manager, Momentum Creations Pte Ltd

Mr. Toh joined the Company in 1989. He is the General Manager of Momentum Creations Pte Ltd. He is responsible for the implementation of marketing strategies, sales and project management and day-to-day operations.

MS. FOO KIM SOON Director and General Manager, Marquis HQO Pte Ltd

Ms. Foo has been in the hospitality and commercial sector since 1988 and holds an Advanced Diploma in International Marketing and Building Management and Maintenance. Her responsibilities include business development and new product sourcing for the company.

She is actively involved in direct sales, marketing and project management for the overall businesses within Marquis HQO Pte Ltd.

MS. SHARON WU PUI SEE Director and General Manager, Marquis HQO Pte Ltd

Ms. Wu is responsible for directing business operations, implementing marketing strategies, and managing the day-to-day operations of the company. She is an industry veteran with over 15 years' experience in the industry. Ms. Wu joined the Company in 2001 as Marketing Manager of Marquis HQO Pte Ltd, and has a Bachelor of Commerce and Management from Lincoln University, New Zealand.

MS. RACHEL FOONG SU MIN General Manager, Marquis Furniture Gallery Pte Ltd

Ms. Foong is responsible for the business operations and development, marketing and brand building of Lifestorey and Marquis Studio. She has past experience in branding and business development in a regional capacity. She joined the company in 2012 as the Group Marketing Communications and Business Development Manager before moving into her current role, and has a Bachelor of Science in Business Management Studies from Bradford University, United Kingdom.

MS. JUDY TAN SIEW BENG Assistant General Manager, Momentum Creations Pte Ltd

Ms. Tan joined the company in 2007. She is the Assistant General Manager of Momentum Creations Pte Ltd. Her responsibilities include business development, new product sourcing for the company and day-to-day operations of the logistic department.

MR. BEN HOW TI BENG Retail Manager, Momentum Creations Pte Ltd

Mr. How is responsible for the merchandising, showroom and retail sales management for Momentum Creations Pte Ltd. Mr. How graduated with a Bachelor of Business Administration (2nd Class Honors) from the National University of Singapore.



SEAN DIX

GROUP STRUCTURE AND ACTIVITIES

COMPANIES	PRINCIPAL ACTIVITIES	% OF EQUITY HELD
NOBEL DESIGN HOLDINGS LTD	Holding Company and Corporate Senior Management, Human Resources, Sales and Marketing, Marketing and Communication, Finance and Administrative functions.	
NUMERO UNO CREATIVE GROUP PTE LTD	Interior design and renovation services for homes, supply and installation of custom-made furniture and fittings, turnkey projects and project management.	80%
MARQUIS FURNITURE GALLERY PTE LTD	Retail of upmarket European furniture and accessories to end-users and specifier market. Provide homestyling services and retail soft furnishing products.	100%
MARQUIS HQO PTE LTD ⁽¹⁾	Supplies furniture to hotels, service apartments, clubs, restaurants, showflats, offices and homes.	90%
BOSS DESIGN INTERNATIONAL PTE LTD ⁽⁶⁾	Provides corporate interior design and contract services for offices and retail outlets.	100%
MOMENTUM CREATIONS PTE LTD	Retailer of designer furniture at accessible prices.	84.20%
HOME2BE PTE LTD ⁽⁶⁾	Retailer of furniture and household accessories.	75.20%
BUYLATERAL GROUP PTE LTD	Sourcing and supply chain management of furniture, accessories and fabric and furnishings for the USA market.	73.15%
NOBEL PROJECTS PTE LTD ⁽⁶⁾	Supply of wardrobe, kitchen and other wooden joinery fittings for tender doors and office desks.	65%
TARGET MARKETING SYSTEMS, INC. ⁽²⁾	Trading and distribution on an e-commerce platform for furniture, accessories, fabric and furnishings for the business-to-business (B2B) market.	73.15%
BUYLATERAL.COM (M) SDN BHD ⁽²⁾	Engaged in wholesaling and internet retail of furniture, accessories, fabric and furnishings.	73.15%
NOBEL DESIGN HOUSE (M) SDN BHD	Total interior design and renovation for homes, supply and installation of custom-made furniture and fittings and project management coordination.	100%
SENI REKA NOBEL SDN BHD	Supply of furniture, decoration accessories and interior design contract services.	100%
NOBEL REKA CIPTA SDN BHD	Interior design contractors.	100%
NOBEL DESIGN SDN BHD (BRUNEI)	Provides total interior design and renovation services for homes, offices and commercial projects, supply and installation for custom-made furniture and project management.	52%
AFFLUENT APEX LTD	Investment holdings.	100%
ACT-NOBEL HOMES PTE LTD ⁽⁷⁾	Property development.	40%
SHELFORD TERRACES PTE LTD ⁽⁷⁾	Property development.	40%
ASTRID HILL RESIDENCES PTE LTD	Property development.	28.75%
URBAN LOFTS PTE LTD	Property development.	35%
LVND HOMES PTE LTD	Property development.	25%
ALLIANCE LAND PTE LTD	Property development.	25%
LVND HOLDINGS PTE LTD	Investment holdings.	25%
LVND INVESTMENTS PTE LTD ⁽⁵⁾	Property development.	25%
LVND HOTELS PTE LTD ⁽⁵⁾	Hotel management consultancy services.	25%
COVE CITY LTD ⁽⁴⁾	Investment holding company.	25%
ALLIANCE STELLAR LTD ⁽⁴⁾	Investment holding company.	25%
COVENT GARDEN DEVELOPMENT PTE LTD	Property development in United Kingdom.	40%
PT MARQUIS SARANA CIPTA ⁽³⁾	Exporter and importer of furniture, and interior contracts and retail of OM furniture.	40%

(1) Marquis HQO Pte Ltd is a 90% owned subsidiary of Marquis Furniture Gallery Pte Ltd.

(2) Target Marketing Systems, Inc. and Buylateral.Com (M) Sdn Bhd are 100% owned subsidiaries of Buylateral Group Pte Ltd.

(3) PT Marquis Sarana Cipta is a 50% associate company of Momentum Creations Pte Ltd.

(4) Cove City Ltd and Alliance Stellar Ltd are 25% associate companies of Affluent Apex Ltd.

(5) LVND Investments Pte Ltd and LVND Hotels Pte Ltd are 100% owned subsidiaries of LVND Holdings Pte Ltd.

(6) This Company is presently dormant.

(7) This Company is presently under Member Voluntary Winding up.

CORPORATE INFORMATION



Board of Directors

Chan Pengee Adrian

Non-Executive Chairman
and Independent Director

Goon Eu Jin Terence

Group Chief Executive Officer and
Group Managing Director

Wee Ai Quey

Chief Operating Officer
and Executive Director

Dr. Teh Ban Lian

Non-Executive and Independent
Director

Heng Chye Yam

Non-Executive and Independent
Director

Wong Soon Chiu

Non-Executive and Independent
Director

Choong Chee Peng Bert

Non-Executive Director

Chan Kum Leong

Non-Executive Director

Ong Ciu Hwa

Executive Director

Audit Committee

Dr. Teh Ban Lian (Chairman)
Chan Pengee Adrian (Member)
Heng Chye Yam (Member)
Wong Soon Chiu (Member)

Remuneration Committee

Heng Chye Yam (Chairman)
Chan Pengee Adrian (Member)
Chan Kum Leong (Member)

Nominating Committee

Chan Pengee Adrian (Chairman)
Dr. Teh Ban Lian (Member)
Goon Eu Jin Terence (Member)

Risk Management Sub-Committee (under the Audit Committee)

Wong Soon Chiu (Chairman)
Heng Chye Yam (Member)
Chan Kum Leong (Member)
Ong Ciu Hwa (Member)

Company Secretary

Lee Bee Fong

Auditors

Nexia TS Public Accounting Corporation
100 Beach Road, Shaw Tower, #30-00
Singapore 189702

Partner-in-charge: Philip Tan Jing Choon
Date of Appointment: 30 April 2012

Registrar and Share Registration Office

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898

Registered Office

16 Tai Seng Street, #07-09
Singapore 534138
Tel No: 65 6383 2222
Fax No: 65 6383 0115

CORPORATE GOVERNANCE REPORT

Nobel Design Holdings Ltd (the “**Company**”) is strongly committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the “**Group**”). The board of directors of the Company (the “**Board**”) recognises the importance of good corporate governance and the maintaining of high standards of accountability to the shareholders.

This report describes the Company’s corporate governance processes and structures that were in place throughout the financial year, with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the “**Code**”) issued on 2 May 2012.

The Company had adhered to the principles and guidelines as set out in the Code and in areas where there are deviations from the Code, appropriate explanations are provided within this report.

BOARD MATTERS

The Board's Conduct of its Affairs

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

The Board’s primary role is to protect and enhance long-term shareholder value. Apart from its statutory duties and responsibilities, the Board sets the strategies for the Group and oversees the executive management and affairs of the Group. It reviews and advises on overall strategies, policies and objectives, sets goals, supervises Management, monitors business performance and assumes responsibility for overall corporate governance of the Group to ensure that the Group’s strategies are in the interests of the Company and its shareholders. The Board manages the Group in the best interests of shareholders as well as the interest of other stakeholders and pursues the continual enhancement of the long-term shareholder value.

All directors exercise due diligence and independent judgement, and are obliged to act in good faith and at all times in the best interest of the Company.

To assist the Board in the execution of its responsibilities, various Board Committees, namely the Audit Committee (“**AC**”), Remuneration Committee (“**RC**”), Nominating Committee (“**NC**”) and Risk-Management Sub-Committee (“**RMC**”) have been constituted with clearly defined terms of reference.

Minutes of the Board Committee meetings are available to all Board members.

All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group.

Please refer to **Table 1** – Board and Board Committees.

The schedule of all the Board Committee meetings for the calendar year 2015 is given to all the directors well in advance. Besides the scheduled meetings, the Board meets on an ad-hoc basis as warranted by particular circumstances.

The Articles of Association of the Company provide for directors to conduct meetings by teleconferencing or videoconferencing. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means. The Board and Board Committees may also make decisions through circulating resolutions.

Please refer to **Table 2** – Attendance at Board and Board Committee Meetings for the financial year ended 31 December 2014 (“**FY2014**”).

CORPORATE GOVERNANCE REPORT

The Board's approval is required for the following matters that are likely to have a material impact on the Group's operations as well as matters other than in the ordinary course of business:

- 1) Major investment and funding
- 2) Interested Person Transactions
- 3) Material acquisition and disposal of assets
- 4) Corporate strategic direction and strategic action plans
- 5) Key business initiatives and policies

The Board as a whole is updated regularly on risk management, corporate governance and key changes to companies and securities legislation, rules and regulations and financial reporting standards, so as to enable them to properly discharge their duties as Board or Board Committee members.

The Company has an on-going annual budget for all directors to attend appropriate training courses, seminars and conferences for them to stay abreast of these changes and other relevant business developments. The directors are regularly kept informed of the availability of appropriate courses, conferences and seminars such as those conducted by the Singapore Institute of Directors and the directors are encouraged to attend such training at the Company's expense. During FY2014, the Board attended a training session on the Code and its implications for the Company, and various directors attended the Annual Directors Conference of the Singapore Institute of Directors. In addition, in-house training and briefing sessions were conducted by senior management team members for the Board on overseas property markets and significant developments in the business industry the Company is in.

New directors, upon appointment, will be briefed on the business and organisation structure of the Group, key areas of the Company's operations and on their duties and obligations as directors. The Company seeks to familiarise new directors with the Group's principal businesses, the Company's board processes, internal controls and governance practices, including meetings with various key executives of Management to allow the new directors to be acquainted with the Management team and to facilitate their independent access in future to the Management team.

BOARD COMPOSITION AND GUIDANCE

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

The Board currently comprises of nine directors, three of whom are executive directors, four of whom are independent and non-executive directors, and two of whom are non-executive directors. The NC conducted its annual review of the directors' independence and was satisfied that the Company complies with the guidelines of the Code including the guideline that at least one-third of the Board is made up of independent directors.

Please refer to **Table 1** – Board and Board Committees.

The NC, which reviews the independence of each director on an annual basis, adopts a definition of an independent director that is even stricter than that in the Code, as the Company's independent directors must also be independent from substantial shareholders (i.e. 5% shareholders), not just from 10% shareholders. In addition to the annual review by the NC of the independence of the independent directors, each independent director also submits an annual declaration confirming his continued independence.

Dr. Teh Ban Lian and Mr. Heng Chye Yam have served on the Board as independent non-executive directors for more than nine years. The NC and the Board have carried out a rigorous review of the independence status of Dr. Teh Ban Lian and Mr. Heng Chye Yam who have served on the Board as Independent Directors for more than nine years. The NC and the Board are of the view that both Dr. Teh and Mr. Heng continue to demonstrate their abilities to exercise strong independent judgement in their deliberations and act in the best interests of the Company and that their length of service on the Board have not affected their independence from Management. Both Dr. Teh and Mr. Heng continue to express their views and debate issues in connection with the Company's matters and Management's actions. Further, having gained in depth understanding of the

CORPORATE GOVERNANCE REPORT

business and operating environment of the Group, they provide the Company with the relevant experience and knowledge of the industry. After taking all these factors into account and having weighed the need for Board refreshment against tenure for relative benefit, the NC and the Board (save for Dr. Teh and Mr. Heng who abstained from deliberation of this matter) have reviewed and determined that Dr. Teh Ban Lian and Mr. Heng Chye Yam continue to be independent, notwithstanding their services on the Board have been more than nine years and they shall continue to hold the position of Independent Directors of the Company.

The NC is responsible for examining the size and composition of the Board and Board Committees. Taking into account the nature of the Group's businesses, the Board considers a board size of between 6 to 9 members as appropriate. The Board believes that its current board size and composition effectively serves the Group. It provides sufficient diversity without interfering with efficient decision-making.

The NC is satisfied that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively. Each director has been appointed on the strength of his calibre, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group strategy and the performance of its business. Currently, the Board comprises individuals with diverse qualifications and backgrounds, including in law, accounting, finance, investments and the relevant business industry that the Group is in.

The Board recognises the importance of an appropriate balance and diversity of skills, experience, gender, knowledge and professional qualifications in building an effective Board. For this purpose, the NC reviews the Board's collective skills matrix regularly.

The independent directors communicate regularly to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development.

The non-executive and independent directors meet regularly without the presence of Management to discuss matters such as Board effectiveness and Management's performance.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

The Board had adopted the recommendation of the Code to have separate persons appointed as Chairman and the Chief Executive Officer. This is to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual exercising any considerable power or influence. Further, the AC, RC, NC and RMC are chaired by Independent Directors.

Mr. Chan Pengee Adrian is currently the Non-Executive Chairman of the Board (the "**Chairman**"), whilst Mr. Goon Eu Jin Terence fulfills the role of the Group Chief Executive Officer ("**CEO**"). As Chairman, Mr. Chan Pengee Adrian is responsible for, amongst other things, exercising control over the quality, quantity and timeliness of the flow of information between the Management and the Board, and promoting high standards of corporate governance.

The CEO plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and strategic vision. He manages the businesses of the Company and implements the Board's decisions. He also ensures that the directors are kept updated and informed of the Group's businesses and developments.

The Company is not required to appoint a lead independent director as the Chairman and CEO are separate persons and not immediate family members and the Chairman is an independent director.

CORPORATE GOVERNANCE REPORT

BOARD MEMBERSHIP

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

The NC comprises three directors of the Company, two of whom (including the Chairman of the NC) are independent directors. The Chairman of the NC is Mr. Chan Pengee Adrian. The other members are Dr. Teh Ban Lian and Mr. Goon Eu Jin Terence. The NC has adopted specific written terms of reference.

According to the terms of reference of the NC, the members of the NC are responsible for, amongst others, the appointment and re-nomination of directors having regard to their independence, qualifications, performance and contributions. The NC also ensures that the Board as a whole, possesses the core competencies required by the Code.

The NC is of the view that the Company is headed and controlled by an effective Board, as:-

- (a) the Board has four non-executive directors of the Company who are independent and able to exercise objective judgement on corporate affairs of the Group independently from Management;
- (b) there is no individual or small group of individuals on the Board who dominate the Board's decision making process;
- (c) the Board as a whole, possesses core competencies required for the effective conduct of the affairs and operations of the Group; and
- (d) the current size of the Board is adequate for the purposes of the Group.

Please refer to **Table 1** – Board and Board Committees – on the composition of the NC.

The principal functions of the NC is to establish a formal and transparent process for:

- (a) reviewing nominations of new director appointments based on selection criteria such as his/her credentials, skill sets and contributions required by the Company;
- (b) reviewing and recommending to the Board the re-election of directors in accordance with the Company's Articles of Association;
- (c) determining annually whether a director is "independent";
- (d) deciding whether a director is able to and has adequately carried out his/her duties as a director of the Company, in particular whether the directors concerned have multiple board representations or if they are in conflict with the interest of the Company; and
- (e) deciding how the Board's performance may be evaluated and propose objective performance criteria.

All directors are subject to retirement in accordance with the provisions of the Company's Articles of Association whereby one third of the directors are required to retire (or if their number is not a multiple of three, the number nearest to but not less than one third) and subject themselves to re-election by shareholders at every annual general meeting ("**AGM**"). No director shall stay in office for more than 3 years without being re-elected by the shareholders except for the Managing Director who is not required to submit himself for retirement and re-election.

New directors are appointed by way of a Board Resolution, after the NC has approved their nomination. In its search and selection process for new directors, other than through a formal search process, the NC taps on the resources of directors' personal contacts and recommendations of potential candidates and appraises the nominees to ensure that the candidates possess relevant experience and have the calibre to contribute to the Group and its businesses, having regard to the attributes of the existing Board and the skills, experience and other requirements of the Group that sought in the candidate.

A new director who is appointed by the Board is subject to re-election by shareholders at the next AGM following his appointment and, thereafter, shall be taken into account in determining the number of directors who are to retire by rotation.

CORPORATE GOVERNANCE REPORT

At the forthcoming AGM, Mr. Choong Chee Peng Bert, Mr. Heng Chye Yam and Ms. Ong Ciu Hwa will be retiring by rotation pursuant to Article 107 of the Company's Articles of Association. All of them, being eligible for re-election, have offered themselves for re-election.

The NC and the Board are of the standpoint that setting a maximum number of listed company board representations would not be meaningful as the contributions of the directors would depend on many other factors such as whether they are in full time employment and their other responsibilities or principal commitments. In addition, the board representations presently held by its directors do not impede the performance of their duties to the Company.

All directors are required to declare their board representations and other principal commitments. The NC has reviewed and is satisfied that Mr. Chan Pengee Adrian, who abstained from the deliberations, has been able to devote sufficient time and attention to the Company to adequately discharge his duties as director of the Company, notwithstanding his multiple board appointments and other principal commitments. In view of the review process that the NC has put in place and the confirmation obtained from each individual director that he has the individual responsibility to ensure that he can allocate sufficient time and attention to the affairs of the Company, the Board does not adopt any internal guidelines for multiple listed board representations for its directors. In addition, having taken into consideration, among others, the good attendance record of all directors at Board and Board Committee meetings in the financial year, the NC and the Board are satisfied that all directors have devoted sufficient time and attention to the matters under their remit.

No alternate director has been appointed to the Board.

When an existing director chooses to retire or the need for a new director arises, either to replace a retiring director or to enhance the Board's strength, the NC, in consultation with the Board, determines the selection criteria and identifies candidates with the appropriate expertise and experience for the appointment as new director. The NC then meets with the shortlisted potential candidates with the appropriate profile before nominating the most suitable candidate to the Board for appointment as director.

The profile of all Board members is set out in the section entitled 'Board of Directors'.

Please refer to **Table 3** – Date of directors' initial appointment, last re-election, their listed directorships and other principal commitments.

Except as disclosed in **Table 3**, there were no other directorships or chairmanships held by the directors over the preceding three years in other listed companies.

BOARD PERFORMANCE

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

The Board, through the NC, has used its best efforts to ensure that directors appointed to the Board, whether individually or collectively, possess the background, experience, knowledge in the business, competencies in finance and management skills critical to the Group's business. It has also ensured that each director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The NC has established a review process to assess the performance and effectiveness of the Board as a whole and the contribution by individual directors to the effectiveness of the Board.

During the financial year, all directors are requested to complete a Board Evaluation Questionnaire designed to seek their views on the various aspects of the Board's performance so as to assess the overall effectiveness of the Board. The assessment criteria include directors' attendance records at Board and Committee meetings and the contributions of the Board members. The responses are sent directly to the externally appointed Company Secretary and the Company Secretary prepares a summary for the NC to review before submitting it to the Board for discussion and for it to determine the areas for improvement and enhancement of the Board's effectiveness. Following the review, the Board is of the view that the Board and its Board Committees operate effectively and each director is contributing to the overall effectiveness of the Board.

CORPORATE GOVERNANCE REPORT

Each individual director's performance is evaluated annually and informally on a continual basis by the NC and the Chairman. The criteria taken into consideration by the NC and the Chairman include the value of contribution to the development of strategy, the degree of preparedness, industry and business knowledge and experience each director possesses which are crucial to the Group's business.

ACCESS TO INFORMATION

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

All directors have unrestricted access to the Company's records and information. They are furnished with accurate and detailed information in a timely manner concerning the Group to enable them to be fully cognisant of the decisions and actions of the Group's executive management.

As a general rule, detailed Board papers prepared for each meeting are normally circulated in advance of each meeting. This is to give directors sufficient time to review and consider the matters to be discussed so that discussions can be more meaningful and productive. However, sensitive matters may be tabled at the meeting itself or discussed without papers being distributed. The Board papers include sufficient background explanatory information from the Management on financial, business and corporate issues to enable the directors to be properly briefed on issues to be considered at Board and Board Committee meetings. Such explanatory information may also be in the form of briefings to provide additional insights to the directors or formal presentations made by senior management staff in attendance at the meetings, or by external consultants engaged on specific projects.

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

Management provides Board members with the management accounts, as well as adequate information prior to Board meetings and updates on initiatives and developments of the Group's business whenever possible, on an on-going basis.

The Board members have separate and independent access to the Company's senior management. The Board members (whether individually or as a group) have, in the furtherance of their duties, access to independent professional advice, if necessary, at the Company's expense.

The Company Secretary administers and attends all Board and Board Committee meetings of the Company and prepares minutes of meetings. She is responsible for, among other things, ensuring that Board procedures are observed and that applicable rules and regulations are complied with. The Company Secretary also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes.

The appointment and the removal of the Company Secretary are subject to the Board's approval.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

The RC comprises three non-executive directors, a majority of whom, including the Chairman of the RC, are independent. The Chairman of the RC is Mr. Heng Chye Yam. The other members are Mr. Chan Pengee Adrian and Mr. Chan Kum Leong.

Please refer to **Table 1** – Board and Board Committees – on the composition of the RC.

The RC is responsible for ensuring that a formal and transparent procedure is in place for developing policy on executive remuneration and for determining the remuneration packages of individual directors and senior management. It reviews the remuneration packages with the aim of building capable and committed management teams through competitive

CORPORATE GOVERNANCE REPORT

compensation and focused management and progression policies. The RC also reviews the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC recommends for the Board's endorsement, a framework of remuneration which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, benefits-in-kind and specific remuneration packages for the executive director.

No director or member of the RC will be involved in deciding his own remuneration and will abstain from voting at RC meetings when their own remuneration is being deliberated.

The RC has access to appropriate expert advice in the field of executive compensation outside the Company where required.

LEVEL AND MIX OF REMUNERATION

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

Remuneration policy in respect of executive directors and other key management personnel

Our executive directors' remuneration consists of salary, bonuses and other benefits. A proportion of the remuneration for the executive directors is linked to performance in the form of performance bonus. Executive directors do not receive directors' fees.

The remuneration of the Group's key management personnel takes into account the pay and employment conditions within the industry and is performance-related.

The Group has also entered into various letters of employment with all of the executive officers. Their compensation consists of salary, bonuses and performance awards that are dependent on the performance of the Group.

The independent directors receive directors' fees in accordance with their level of contributions, taking into account factors such as effort and time spent, as well as the responsibilities and obligations of the directors. The Company recognises the need to pay competitive fees to attract, motivate and retain directors without being excessive and thereby maximise shareholder value.

Directors' fees are recommended by the Board for approval at the Company's AGM.

In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individuals.

DISCLOSURE ON REMUNERATION

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

Level and Mix of remuneration of directors and key management personnel (who are not also directors or the CEO) for the year ended 31 December 2014.

Please refer to **Table 4** – Remuneration Table.

Except as disclosed in **Table 4** of this report, 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 financial interest.

CORPORATE GOVERNANCE REPORT

The Nobel Employee Share Option Scheme (the “**Scheme**”) has been approved by shareholders and the Group has granted options to executive directors under the Scheme. Matters relating to the Scheme were administered by the RC. Details of the options granted under the scheme to the controlling shareholders and directors are set out in the “Directors’ Report” on pages 26 to 33 of this Annual Report.

The details of the options granted under the scheme and the exercise period is as follows:

Date of grant	Exercise Period		
05.03.2008*	05.03.2010	to	05.03.2013
25.05.2009#	25.05.2010	to	25.05.2014
27.07.2009#	27.07.2010	to	27.07.2014
08.12.2010*	08.12.2012	to	08.12.2015
29.03.2012*	29.03.2014	to	29.03.2017
09.01.2013*	09.01.2015	to	09.01.2018

* The option was granted at a discount of 20% off market price on the average exercise price.

The option was granted at market price on the average exercise price.

Although the Code recommends that the exact remuneration of the executive directors and the top seven key executives’ aggregate remuneration be disclosed, the Board believes that such disclosure would be disadvantageous to the Group’s business interests, given the highly competitive conditions in the industry where poaching of executives is commonplace. Nevertheless, in **Table 4**, the Company has made disclosures of the exact remuneration of the non-executive directors and the director fee structure for the Board. In addition, disclosures for the remuneration of the executive directors and the top seven key executives are made in bands.

ACCOUNTABILITY AND AUDIT

Accountability

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

In presenting the annual financial statements and quarterly announcements to shareholders, it is the aim of the Board to provide the shareholders with detailed analysis and a balanced and understandable assessment of the company’s performance, position and prospects.

In line with the SGX Listing Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements. For the financial year under review, the CEO and the Finance Director have provided assurance to the Board on the integrity of the Group’s financial statements.

The Board and the Board committees are furnished with management reports containing complete, adequate and timely information, and papers containing relevant background or explanatory information required to support the decision-making process. Management and the Company’s auditors would also provide additional information on the matters for discussion.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders’ interests and the Group’s assets, and to manage risks. The Board also acknowledges that no cost effective internal control system will preclude all errors and irregularities. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

CORPORATE GOVERNANCE REPORT

The external auditors, during the conduct of their normal audit procedures, may also report on matters relating to internal controls. Any material non-compliance and recommendation for improvement will be reported to the AC. The AC also engages an external independent firm to conduct an internal audit review based upon an agreed scope of work.

Based on the reviews by the external auditors, the external firm conducting the limited internal audit review, the various audit reports and management controls in place, the Board is satisfied that the system of internal procedures, controls and reviews that the Group has in place provides reasonable assurance against material financial misstatements or loss, safeguarding of assets, the maintenance of proper accounting records, reliability of financial information, compliance with legislation, regulations and best practices and the identification and management of business risks. The Board, with the concurrence of the AC, is therefore of the opinion that the Group's system of internal controls and risk management systems are adequate to address financial, operational, compliance and IT risks of the Group in its current business environment.

The AC and the Board has received written assurance and confirmation from the CEO and the Finance Director that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and regarding the effectiveness of the Company's risk management and internal control systems.

The Company has set up the RMC as a sub-committee under the AC with effect from 25 February 2014. The RMC is chaired by Mr. Wong Soon Chiu and the members of the RMC are Mr. Heng Chye Yam, Mr. Chan Kum Leong and Ms. Ong Ciu Hwa. The RMC has adopted specific written terms of reference. Under these terms of reference, the RMC is responsible for:-

- determining the Company's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems;
- at least annually, reviewing the adequacy and effectiveness of the company's risk management and internal control systems, including financial, operational, compliance and information technology controls;
- commenting on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company's Annual Report; and
- reviewing and reporting to the Board at least annually the adequacy and effectiveness of the company's internal controls, including financial, operational, compliance and information technology controls.

In carrying out its oversight responsibilities, each RMC member shall be entitled to rely on the expertise and information provided by the CEO and/or any management staff of the Group.

Please refer to **Table 1** – Board and Board Committees – on the composition of the RMC.

AUDIT COMMITTEE

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

The AC comprises four members, all of whom (including the Chairman of the AC) are non-executive and independent directors. The Chairman of the AC is Dr. Teh Ban Lian. The other members are Mr. Chan Pengee Adrian, Mr. Heng Chye Yam and Mr. Wong Soon Chiu. The AC has adopted specific written terms of reference.

Please refer to **Table 1** – Board and Board Committees – on the composition of the AC.

The Board is of the view that all the members of the AC (including the Chairman of the AC) have recent and relevant accounting or related financial management expertise or experience to discharge the AC's responsibilities.

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to, and the co-operation of, Management and full discretion to invite any executive director or executive officer to attend its meetings. The AC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly.

CORPORATE GOVERNANCE REPORT

The AC performed the following functions in respect of the financial year under review:-

External Auditors

The AC reviewed together with the external auditors:-

- (i) the audit plan (including, amongst others, the nature and scope of the audit before the audit commenced and the risk management issues of the Group);
- (ii) the balance sheet of the Company and the consolidated financial statements of the Group; and
- (iii) the assistance given to them by the Company's officers.

The AC continues to monitor the scope and results of the external audit, its cost effectiveness and the independence and the objectivity of the external auditors and gives its recommendations to the Board and the Company regarding the appointment, re-appointment or removal of the external auditors.

As at the date of this Annual Report, the AC has met with the external auditors separately without the presence of Management to review any area of audit concern.

During the financial year under review, the AC has reviewed the independence of the external auditors including the volume of all non-audit services provided to the Group, and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The aggregate amount of agreed fees to be paid to the external auditing firms of the Group for the financial year under review is \$103,618 which comprises of audit fees of \$99,618 and non-audit fees of \$4,000. The AC has recommended the reappointment of the external auditors at the forthcoming AGM.

The Company has established a Nobel Code of Conduct that sets out principles of the code of conduct and business ethics which applies to all employees of the Group. This code covers areas such as conduct in the workplace, business conduct, protection of the Company's assets, confidentiality of information and conflict of interest, etc. Directors, key executives and employees are expected to observe and uphold high standards of integrity which are in compliance with the Company's policies and the law and regulations of the countries in which it operates. The Nobel Code of Conduct is available on the Company's website at:

www.nobel.com.sg/asset/pdf/Nobel_Code_of_Conduct.pdf

The Company has put in place a whistle-blowing policy, endorsed by the AC, which provides the mechanisms where employees of the Company may, in good faith and in confidence, raise concerns or observations about possible corporate malpractices and improprieties in financial reporting or other matters directly to the AC.

Details of the whistle-blowing policies and arrangements have been made available to all employees. It has a well defined process which ensures independent investigation of such matters and appropriate follow-up action, and provides assurance that employees will be protected from reprisal within the limits of the law. Anonymous complaints are not disregarded and will also be investigated. The whistle-blowing policy is available on the Company's website at:

www.nobel.com.sg/asset/pdf/ND-Whistle_Blowing_Policy.pdf

There were no reported incidents pertaining to whistle-blowing for FY2014.

The AC is satisfied and the Company confirms that it has complied with Rules 712 and 715 and/or 716 of the SGX Listing Rules for FY2014.

CORPORATE GOVERNANCE REPORT

INTERNAL AUDIT

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

The AC has reviewed the internal controls, risk management and compliance systems and has had discussions with the management and external auditors and is of the view that there is no current requirement for separate internal auditors to be appointed. The internal audit function is currently outsourced to an external independent firm reporting directly to the AC on a project by project basis. The AC will continue to review specific audit risk areas and ensure that the internal audit function as discharged by the external independent firm is adequate and effective.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

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

The Company is committed to regular and timely communication with shareholders as part of the organisation's development to build systems and procedures that will enable the Group to compete internationally. The Company places great emphasis on investor relations and strives to maintain a high standard of transparency and to promote better investor communications. It aims to provide investors with clear, balanced and useful information, on a timely basis, about the Group's performance, financial position and prospects.

Management supported the Code's principle to encourage shareholder participation. Shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Company's strategy and goals. Notice of the AGM is despatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 days or 21 days, as the case may be, before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the AGM.

Whilst there is no limit imposed on the number of proxy votes for nominee companies, the Articles of Association of the Company allow each shareholder to appoint up to two proxies to attend AGMs.

COMMUNICATION WITH SHAREHOLDERS

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

Information on the Company can be found on its website at www.nobel.com.sg. In our website, shareholders and other investors are able to access the latest financial results announced, presentations at AGMs and annual reports of the Company under the link, "Investor Relations". Shareholders and investors are also encouraged to contact the Group's investor relations contact, being the CEO, at this email address: enquiry@nobel.com.sg.

The Company does not practice selective disclosure. In line with continuous obligations of the Company pursuant to the SGX Listing Rules and the Companies Act (Cap 50) of Singapore, the Board's policy is that all shareholders should be equally and timely informed of all major developments that will impact the Company or the Group. Information is communicated to shareholders on a timely basis through the Singapore Exchange Network (the "SGXNET") and the press.

CONDUCT OF SHAREHOLDER MEETINGS

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

Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also published in the Business Times and posted onto the SGXNET.

If shareholders are unable to attend the meetings, the Articles of Association allow a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder.

CORPORATE GOVERNANCE REPORT

Resolutions at general meetings are on each substantially separate issue. All the resolutions at the general meetings are single item resolutions.

The Chairmen of the Board, AC, NC, RC and RMC are in attendance at the Company's AGM to address shareholders' questions.

The Company's external auditors, Nexia TS Public Accounting Corporation, are also invited to attend the AGM and are available to assist the directors in addressing any shareholders queries and the preparation and content of the auditors' report.

The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues pertaining to the proposed resolutions and/or ask the directors or the Management questions regarding the Company and its operations.

To have greater transparency in the voting process, with effect from the 2014 AGM, the Company will conduct the voting of all its resolutions by poll at all its AGMs and EGMs. The detailed voting results of each of the resolutions tabled are announced immediately at the meeting. The total numbers of votes cast for or against the resolutions are also announced after the meeting via SGXNET.

DEALINGS IN SECURITIES

As at the date of this Annual Report, the Company has adopted an internal code on dealings in securities. Directors, senior management and employees (collectively "**Officers**") of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's securities during the periods commencing two weeks before announcement of the Group's quarterly results and one month before announcement of the Group's half-yearly results and one month before the announcement of the Group's yearly results and ending on the date of announcement of such result, or when they are in possession of unpublished price-sensitive information on the Group. In addition, the Officers of the Company are advised not to deal in the Company's securities for a short term consideration and are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading periods. Officers are to consult with the Group Finance Director/Company Secretary before trading in Company's securities and to confirm annually that they have complied with and not in breach of the Code. The Board is kept informed when a director trades in the Company's securities.

MATERIAL CONTRACTS

Save for the service agreements entered into between the Executive Directors and the Company, there was no material contract entered into by the Company and its subsidiaries involving the interests of any director or controlling shareholders subsisting at the end of FY2014.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on an arm's length basis.

In compliance with Rule 907 of the SGX Listing Rules, there were no transactions with interested persons for FY2014 which exceeds the stipulated threshold, except as disclosed below:

Name of Interested Person	Aggregate value of all Interested Persons Transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' Mandate pursuant to Rule 920)	Aggregate value of all Interested Persons Transactions conducted during the financial year under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Wong Soon Chiu	\$133,580	Nil

Note:

Renovation contract work signed between Numero Uno Creative Group Pte Ltd, a subsidiary of the Company and Mr. Wong Soon Chiu, an independent director of the Company.

CORPORATE GOVERNANCE REPORT

TABLE 1 – BOARD AND BOARD COMMITTEES

Name of Director	Board Membership	Audit Committee (“AC”)	Nominating Committee (“NC”)	Remuneration Committee (“RC”)	Risk Management Sub-Committee (“RMC”)
Chan Pengee Adrian	Non-Executive Chairman/ Independent	Member	Chairman	Member	-
Dr. Teh Ban Lian	Non-Executive/ Independent	Chairman	Member	-	-
Heng Chye Yam	Non-Executive/ Independent	Member	-	Chairman	Member
Wong Soon Chiu	Non-Executive/ Independent	Member	-	-	Chairman
Choong Chee Peng Bert	Non-Executive/ Non-Independent	-	-	-	-
Chan Kum Leong	Non-Executive/ Non-Independent	-	-	Member	Member
Wee Ai Quey	Executive/ Non-Independent	-	-	-	-
Goon Eu Jin Terence	Executive/ Non-Independent	-	Member	-	-
Ong Ciu Hwa	Executive/ Non-Independent	-	-	-	Member

TABLE 2 – ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

	Board		Audit		Remuneration		Nominating		Risk Management	
	# No. of Meetings	No. of Meetings Attended	# No. of Meetings	No. of Meetings Attended	# No. of Meetings	No. of Meetings Attended	# No. of Meetings	No. of Meetings Attended	# No. of Meetings	No. of Meetings Attended
Chan Pengee Adrian	5	5	4	4	2	2	1	1	-	-
Dr. Teh Ban Lian	5	5	4	4	-	-	1	1	-	-
Heng Chye Yam	5	5	4	4	2	2	-	-	2	2
Wong Soon Chiu	5	5	4	4	-	-	-	-	2	2
Choong Chee Peng Bert	5	4	-	-	-	-	-	-	-	-
Chan Kum Leong	5	5	-	-	2	2	-	-	2	2
Wee Ai Quey	5	5	-	-	-	-	-	-	-	-
Goon Eu Jin Terence	5	5	-	-	-	-	1	1	-	-
Ong Ciu Hwa	5	5	-	-	-	-	-	-	2	2

No. of meetings held whilst a member.

CORPORATE GOVERNANCE REPORT

TABLE 3 – DATE OF DIRECTOR'S INITIAL APPOINTMENT, LAST RE-ELECTION, THEIR LISTED DIRECTORSHIPS AND OTHER PRINCIPAL COMMITMENTS

Name of Director	Appointment	Date of initial appointment	Date of last re-election	Present directorships in listed companies	Past (preceding 3 years) directorships in listed companies	Other Principal Commitments
Chan Pengee Adrian	Independent Director and Non-Executive Chairman	24 June 2013	29 April 2014	1. AEM Holdings Ltd ^(a) 2. Biosensors International Group, Ltd 3. Isetan (Singapore) Limited ^(a) 4. Global Investments Limited 5. Yoma Strategic Holdings Ltd 6. Ascendas Funds Management (S) Ltd 7. Hong Fok Corporation Ltd	UPP Holdings Limited	1. Lee & Lee - Senior Partner - Head of Corporate Department 2. Hogan Lovells Lee & Lee - Director 3. Singapore Institute of Directors - Vice Chairman 4. Shared Services For Charities Ltd - Director 5. Accounting and Corporate Regulatory Authority of Singapore (ACRA)
Dr. Teh Ban Lian	Independent Director	13 June 2005	29 April 2014	Nil	Nil	
Heng Chye Yam	Independent Director	26 April 2005	30 April 2013	Nil	Nil	
Wong Soon Chiu	Independent Director	08 January 2003	29 April 2014	Nil	Nil	
Choong Chee Peng Bert	Non-Executive Director	13 December 1982	30 April 2013	Nil	Nil	
Chan Kum Leong	Non-Executive Director	21 June 2012	30 April 2013	Nil	LionHub Group Ltd, Australia	
Wee Ai Quey	Executive Director	13 December 1982	29 April 2014	Nil	Nil	
	Chief Operating Officer	28 May 2013				
Goon Eu Jin Terence	Group Chief Executive Officer and Group Managing Director	10 March 2010	Not subject to rotation	Nil	Nil	
Ong Ciu Hwa	Executive Director	08 July 2011	30 April 2012	Nil	Nil	

Note:

^(a) Mr. Chan Pengee Adrian will be retiring from the Boards of AEM Holdings Ltd and Isetan (Singapore) Limited at their upcoming AGMs in April 2015.

CORPORATE GOVERNANCE REPORT

TABLE 4 – REMUNERATION TABLE

a) Directors' remuneration

A breakdown of the level and mix of remuneration paid to each Executive director in remuneration bands of \$250,000 for FY2014 are as follows:-

	Remuneration band	Fees	Salary	Bonus	Other Benefits
	\$	%	%	%	%
Executive Directors					
Goon Eu Jin Terence	1,000,000 and above	-	10	90	-
Wee Ai Quey	1,000,000 and above	-	10	90	-
Ong Ciu Hwa	0 to 249,999	-	80	20	-

A breakdown of the level and mix of remuneration payable to each Non-Executive director for FY2014 are as follows:-

	Fees	Salary	Bonus	Other Benefits
	\$	%	%	%
Non-Executive Directors				
Chan Pengee Adrian	94,500	-	-	-
Dr. Teh Ban Lian	55,125	-	-	-
Heng Chye Yam	59,063	-	-	-
Wong Soon Chiu	47,250	-	-	-
Choong Chee Peng Bert	31,500	-	-	-
Chan Kum Leong	43,313	-	-	-

Fee: Fees are subject to the approval of the Shareholders at the AGM for FY2014.

The structure of the fees paid or payable to Directors of the Company for FY2014 is as follows:

Type of appointment	Fee per annum \$
Board of Directors	
- Base fee	31,500
Board Chairman	31,500
Audit Committee	
- AC Chairman's fee	15,750
- AC Member's fee	7,875
Nominating Committee	
- NC Chairman's fee	15,750
- NC Member's fee	7,875
Remuneration Committee	
- RC Chairman's fee	15,750
- RC Member's fee	7,875
Risk Management Sub-Committee	
- RMC Chairman's fee	7,875
- RMC Member's fee	3,938

CORPORATE GOVERNANCE REPORT

b) Top Seven Key Executives' Remuneration

	Remuneration band	Fees	Salary	Bonus	Other Benefits
	\$	%	%	%	%
Key Executives					
Foo Kim Soon	0 to 250,000	-	81	10	9
Mike Chua Seow Chang	0 to 250,000	-	60	36	4
Roland Toh Poh Soon	0 to 250,000	-	83	7	10
Sharon Wu Pui See	0 to 250,000	-	81	10	9
Rachel Foong Su Min	0 to 250,000	-	92	8	-
Judy Tan Siew Beng	0 to 250,000	-	80	20	-
Ben How Ti Beng	0 to 250,000	-	79	7	14

c) Immediate families of Directors

There is no immediate family member of a director or the CEO in the employment of the Company whose annual remuneration exceeded \$50,000 during FY2014.

FINANCIAL REPORT

For the financial year ended 31 December 2014

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PROXY FORM



DIRECTORS' REPORT

For the financial year ended 31 December 2014

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2014 and the balance sheet of the Company as at 31 December 2014.

Directors

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

Chan Pengee Adrian
Goon Eu Jin Terence
Wee Ai Quey
Choong Chee Peng Bert
Wong Soon Chiu
Dr. Teh Ban Lian
Heng Chye Yam
Chan Kum Leong
Ong Ciu Hwa

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" and "Warrants" on pages 29 and 31 of this report.

Directors' interests in shares or debentures

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director	
	At 31.12.2014	At 1.1.2014
Company	Ordinary shares	
Choong Chee Peng Bert	50,482,000	49,432,000
Wee Ai Quey	22,612,000	21,562,000
Goon Eu Jin Terence	21,712,000	20,662,000
Wong Soon Chiu	7,229,000	6,163,000
Ong Ciu Hwa	812,000	510,000
Dr. Teh Ban Lian	304,000	129,000
Heng Chye Yam	231,000	86,000

DIRECTORS' REPORT

For the financial year ended 31 December 2014

Directors' interests in shares or debentures (continued)

- (b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Nobel Employee Share Option Scheme as set out below and under "Share options" on page 29 of this report.

	Holdings registered in name of director	
	At 31.12.2014	At 1.1.2014
Company	Share options	
Wee Ai Quey	2,737,000	3,437,000
Goon Eu Jin Terence	3,380,143	4,260,143
Dr. Teh Ban Lian	358,143	533,286
Heng Chye Yam	298,286	444,429
Wong Soon Chiu	297,286	444,143
Ong Ciu Hwa	2,508,000	2,810,143
Chan Kum Leong	75,000	75,000
	Warrants	
Choong Chee Peng Bert	-	5,924,000
Wee Ai Quey	-	350,000
Goon Eu Jin Terence	-	170,000
Wong Soon Chiu	-	920,000

- (c) Certain directors holding office at the end of the financial year is deemed to have an interest in the whole of the share capital of the Company's wholly owned subsidiaries and in the shares held by the Company in the following subsidiaries that are not wholly owned by the Group:

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 31.12.2014	At 1.1.2014	At 31.12.2014	At 1.1.2014
Subsidiaries	Ordinary shares			
Boss Design International Pte Ltd				
Wee Ai Quey	-	-	180,000	180,000
Marquis Furniture Gallery Pte Ltd				
Wee Ai Quey	-	-	430,000	430,000
Goon Eu Jin Terence	-	-	430,000	430,000
Momentum Creations Pte Ltd				
Wee Ai Quey	-	-	137,246	137,246
Goon Eu Jin Terence	-	-	137,246	137,246

DIRECTORS' REPORT

For the financial year ended 31 December 2014

Directors' interests in shares or debentures (continued)

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 31.12.2014	At 1.1.2014	At 31.12.2014	At 1.1.2014
Subsidiaries				
Nobel Projects Pte Ltd				
Wee Ai Quey	-	-	649,999	649,999
Goon Eu Jin Terence	-	-	649,999	649,999
Buylateral Group Pte Ltd				
Goon Eu Jin Terence	-	-	456,002	456,002
Wee Ai Quey	-	-	456,002	456,002
			Preference shares	
Wee Ai Quey	-	-	65,577	65,577
Goon Eu Jin Terence	-	-	65,577	65,577
			Ordinary shares of BND1 each	
Nobel Design Sdn Bhd				
Goon Eu Jin Terence	-	-	90,000	90,000
			Ordinary shares of RM1 each	
Nobel Design House (M) Sdn Bhd				
Goon Eu Jin Terence	-	-	90,000	90,000
Nobel Reka Cipta Sdn Bhd				
Goon Eu Jin Terence	-	-	100,000	100,000
Seni Reka Nobel Sdn Bhd				
Wee Ai Quey	-	-	500,000	500,000
Goon Eu Jin Terence	-	-	500,000	500,000

By virtue of Section 7 of the Singapore Companies Act, Ms. Wee Ai Quey and Mr. Goon Eu Jin Terence are deemed to have an interest in all the related corporations of the Group.

- (d) The directors' interests in the ordinary shares and convertible securities of the Company as at 21 January 2015 were the same as those as at 31 December 2014.

DIRECTORS' REPORT

For the financial year ended 31 December 2014

Directors' contractual benefits

Since the end of the previous 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 financial interest, except as disclosed in the accompanying financial statements and in this report.

Share options

(a) Nobel Employee Share Option Scheme

The Nobel Employee Share Option Scheme (the "Scheme") was approved by members of the Company at an Extraordinary General Meeting on 20 February 2008.

Under the Scheme, executive and non-executive directors and employees of the Company and its subsidiaries (including controlling shareholders and their associates, as defined in the SGX-ST Listing Manual) are eligible to participate in the Scheme.

The Scheme serves to motivate employees, directors and associated company employees to perform their utmost best and to maintain a high level of contribution for the benefits of the Group as well as to retain key employees whose contribution are important to the long term growth and profitability of the Group.

The Scheme is administered by the Remuneration Committee (the "RC"). The members of the RC are as follows:

Heng Chye Yam, Chairman

Chan Pengee Adrian, member

Chan Kum Leong, member

DIRECTORS' REPORT

For the financial year ended 31 December 2014

Share options (continued)

(a) Nobel Employee Share Option Scheme (continued)

The details of the options granted under the scheme to the controlling shareholders and directors of the Company as at 31 December 2014 are as follows:

Name of directors		Date of grant of option	Exercise price	Options granted and accepted	Options adjustment	Total	Options exercised	Lapsed	Options balance
Choong Chee Peng Bert	(a)	5-Mar-08	\$0.1011 *	2,062,500	30,357	2,092,857	(2,092,000)	(857)	-
Wee Ai Quey	(a)	5-Mar-08	\$0.1011 *	2,062,500	30,357	2,092,857	(2,092,000)	(857)	-
	(a)	8-Dec-10	\$0.2061 *	1,050,000	30,000	1,080,000	(700,000)	-	380,000
	(a)	29-Mar-12	\$0.3120 *	1,634,000	-	1,634,000	-	-	1,634,000
	(a)	9-Jan-13	\$0.4000 *	723,000	-	723,000	-	-	723,000
Goon Eu Jin Terence	(a)	5-Mar-08	\$0.1011 *	2,062,500	30,357	2,092,857	(2,092,000)	(857)	-
	(a)	8-Dec-10	\$0.2061 *	1,300,000	37,143	1,337,143	(880,000)	-	457,143
	(a)	29-Mar-12	\$0.3120 *	2,023,000	-	2,023,000	-	-	2,023,000
	(a)	9-Jan-13	\$0.4000 *	900,000	-	900,000	-	-	900,000
Ong Ciu Hwa	(b)	25-May-09	\$0.0875 ^	100,000	2,143	102,143	(102,000)	(143)	-
	(a)	8-Dec-10	\$0.2061 *	980,000	28,000	1,008,000	(705,000)	-	303,000
	(a)	29-Mar-12	\$0.3120 *	1,525,000	-	1,525,000	-	-	1,525,000
	(a)	9-Jan-13	\$0.4000 *	680,000	-	680,000	-	-	680,000
Dr. Teh Ban Lian	(b)	25-May-09	\$0.0875 ^	100,000	2,143	102,143	(102,000)	(143)	-
	(a)	8-Dec-10	\$0.2061 *	180,000	5,143	185,143	(127,000)	-	58,143
	(a)	29-Mar-12	\$0.3120 *	300,000	-	300,000	(120,000)	-	180,000
	(a)	9-Jan-13	\$0.4000 *	120,000	-	120,000	-	-	120,000
Heng Chye Yam	(b)	25-May-09	\$0.0875 ^	100,000	2,143	102,143	(102,000)	(143)	-
	(a)	8-Dec-10	\$0.2061 *	150,000	4,286	154,286	(106,000)	-	48,286
	(a)	29-Mar-12	\$0.3120 *	250,000	-	250,000	(100,000)	-	150,000
	(a)	9-Jan-13	\$0.4000 *	100,000	-	100,000	-	-	100,000
Wong Soon Chiu	(b)	25-May-09	\$0.0875 ^	100,000	2,857	102,857	(102,000)	(857)	-
	(a)	8-Dec-10	\$0.2061 *	150,000	4,286	154,286	(107,000)	-	47,286
	(a)	29-Mar-12	\$0.3120 *	250,000	-	250,000	(100,000)	-	150,000
	(a)	9-Jan-13	\$0.4000 *	100,000	-	100,000	-	-	100,000
Chan Kum Leong	(a)	9-Jan-13	\$0.4000 *	75,000	-	75,000	-	-	75,000

* The option was granted at a discount of 20% off market price of \$0.130, \$0.265, \$0.390 and \$0.500 respectively on the date of grant, which was then determined by reference to the daily official list published by SGX-ST for a period of 3 consecutive Market Days immediately prior to the relevant date of grant of the option. The option price for option granted on 5 March 2008 and 8 December 2010 was adjusted to \$0.1011 and \$0.2061 as a result of warrant issue.

^ The option was granted at market price of \$0.09 on the date of grant, which was then determined by reference to the daily official list published by SGX-ST for a period of 3 consecutive Market Days immediately prior to the relevant date of grant of the option. The option price was adjusted to \$0.0875 as a result of warrant issue.

DIRECTORS' REPORT

For the financial year ended 31 December 2014

Share options (continued)

(a) Nobel Employee Share Option Scheme (continued)

- (a) The options are exercisable in 3 tranches as follows:
 - (i) up to 40% of the New Shares available in respect of the Discount Option between the second anniversary and the third anniversary of the Date of Grant;
 - (ii) up to 70% of the New Shares available in respect of the Discount Option between the third anniversary and the fourth anniversary of the Date of Grant; and
 - (iii) up to 100% of the New Shares available in respect of the Discount Option between the fourth anniversary and the fifth anniversary of the Date of Grant.
- (b) The options are exercisable in 4 tranches as follows:
 - (i) up to 25% of the New Shares available in respect of the Market Price Option between the first anniversary and the second anniversary of the Date of Grant;
 - (ii) up to 50% of the New Shares available in respect of the Market Price Option between the second anniversary and the third anniversary of the Date of Grant;
 - (iii) up to 75% of the New Shares available in respect of the Market Price Option between the third anniversary and the fourth anniversary of the Date of Grant; and
 - (iv) up to 100% of the New Shares available in respect of the Market Price Option between the fourth anniversary and the fifth anniversary of the Date of Grant.

(b) Share options outstanding

As at 31 December 2014, there are 13,247,716 outstanding options for the employees of the Company, the associated company, the executive and non-executive directors under the Scheme. Details of options granted to the directors up to 31 December 2014, have been disclosed in the 'Directors' interests in shares or debentures' and 'Share options' sections. Except as disclosed above, at the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

Warrants

In the financial year ended 2011 ("FY2011"), the Company issued 33,620,200 warrants ("Warrants") at an issue price of \$0.02 for each Warrant. Each Warrant carries the right to subscribe for 1 new ordinary share in the capital of the Company ("New Share") at an exercise price of \$0.23 for each new share, on the basis of 1 Warrant for every 5 existing ordinary shares in the capital of the Company ("Shares") subject to the terms and conditions of the deed poll dated 22 September 2011 ("Warrants Issue"). The Warrants shall be exercised at any time commencing on and including 20 October 2011, being the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the third anniversary of the date of the issue of the Warrants ("Exercise Period"). The New Shares arising from the exercise of the Warrants, shall rank *pari passu* in all respects with the existing Shares for any dividends, rights, allotments or other distributions. Warrants remaining unexercised at the expiry of the Exercise Period shall lapse and cease to be valid for any purpose.

During the financial year, 15,807,986 (2013: 14,807,700) ordinary shares of the Company were issued for cash at \$0.23 each pursuant to the exercise of the warrants by warrants' holders.

The Warrants had expired at 5.00 p.m. on 21 October 2014. Any rights comprised in the Warrants which had not been exercised had lapsed and the Warrants had ceased to be valid for any purpose.

DIRECTORS' REPORT

For the financial year ended 31 December 2014

Audit Committee

The members of the Audit Committee (the "AC") at the end of the financial year were as follows:

Dr. Teh Ban Lian (Chairman) – Non-Executive and Independent Director
Chan Pengee Adrian – Non-Executive and Independent Director
Heng Chye Yam – Non-Executive and Independent Director
Wong Soon Chiu – Non-Executive and Independent Director

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, the Listing Manual of the SGX-ST and the Singapore Code of Corporate Governance 2012. In performing those functions, the AC reviewed:-

- the reliability and integrity of financial statements;
- the impact of new, revised or proposed changes in accounting policies or regulatory requirements on the financial statements;
- the compliance with laws and regulations in relation to financial reporting, particularly those of the Act, and the Listing Manual of the SGX-ST;
- the appropriateness of quarterly and full-year announcements and reports;
- the adequacy of internal controls and evaluation of adherence to such controls;
- the effectiveness and efficiency of internal and external audits;
- the appointment and re-appointment of external auditors and the level of auditors' remuneration;
- the nature and extent of non-audit services and their impact on independence and objectivity of the external auditors;
- interested person transactions;
- the findings of internal investigation, if any;
- the processes put in place to manage any material conflicts of interest within the Group; and
- all conflicts of interest matters referred to it.

The Audit Committee also reviews arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Pursuant to this, the Audit Committee has introduced a Whistle Blowing Policy where employees may raise improprieties to the Audit Committee Chairman in good faith, with the confidence that employees making such reports will be treated fairly and be protected from reprisal. The audit committee met four times in 2014.

The Audit Committee has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

DIRECTORS' REPORT

For the financial year ended 31 December 2014

Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of directors

Wee Ai Quey
Director

Goon Eu Jin Terence
Director

31 March 2015

STATEMENT BY DIRECTORS

For the financial year ended 31 December 2014

In the opinion of the directors:

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 36 to 115 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; 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 directors

Wee Ai Quey
Director

Goon Eu Jin Terence
Director

31 March 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOBEL DESIGN HOLDINGS LTD

For the financial year ended 31 December 2014

Report on the Financial Statements

We have audited the accompanying financial statements of Nobel Design Holdings Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 36 to 115, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2014, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Report on other Legal and Regulatory Requirements

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

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Director-in-charge: Philip Tan Jing Choon
(Appointed since financial year ended 31 December 2012)

Singapore

31 March 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

		GROUP	
	Note	2014 \$	2013 \$
Revenue	4	147,206,452	109,318,356
Cost of sales		(96,128,802)	(69,829,177)
Gross profit		51,077,650	39,489,179
Other income	7	6,021,413	5,539,096
Other gains – net	8	3,333,804	8,232,388
Expenses			
- Distribution and marketing		(12,426,889)	(11,718,879)
- Administrative		(20,483,583)	(18,481,982)
- Finance	9	(572,754)	(339,871)
Share of profit of associated companies – net of tax		38,352	97,458
Profit before income tax		26,987,993	22,817,389
Income tax expense	10	(3,884,438)	(2,684,853)
Net profit		23,103,555	20,132,536
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets – fair value gains/(losses)		8,405	(1,255)
Currency translation differences arising from consolidation - gains		627,523	388,707
Other comprehensive income, net of tax		635,928	387,452
Total comprehensive income		23,739,483	20,519,988
Profit attributable to:			
Equity holders of the Company		22,066,330	19,000,061
Non-controlling interests		1,037,225	1,132,475
		23,103,555	20,132,536
Total comprehensive income attributable to:			
Equity holders of the Company		22,534,903	19,286,620
Non-controlling interests		1,204,580	1,233,368
		23,739,483	20,519,988
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
Basic earnings per share	11 (a)	11.216	10.374
Diluted earnings per share	11 (b)	10.416	9.149

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

BALANCE SHEETS

As at 31 December 2014

		GROUP		COMPANY	
	Note	2014 \$	2013 \$	2014 \$	2013 \$
ASSETS					
Current assets					
Cash and cash equivalents	12	110,679,895	100,662,558	76,789,564	69,277,575
Available-for-sale financial assets	13	23,979	521,421	23,979	521,421
Trade and other receivables	14	40,543,215	22,514,626	24,641,873	19,416,353
Inventories	15	18,456,970	15,550,997	-	-
Gross amount due from customers for contract work-in-progress	16	89,502	459,931	-	-
Development properties	17	70,828,795	88,187,069	-	-
		<u>240,622,356</u>	<u>227,896,602</u>	<u>101,455,416</u>	<u>89,215,349</u>
Non-current assets					
Trade and other receivables	14	421,206	180,346	-	-
Investments in associated companies	18	6	1,169,644	4	800,000
Investments in joint operations	19	-	-	1,137,502	1,137,502
Investments in subsidiaries	20	-	-	3,716,309	3,716,306
Property, plant and equipment	21	19,848,090	18,727,658	181,704	272,945
Intangible assets	22	161,000	349,000	161,000	349,000
		<u>20,430,302</u>	<u>20,426,648</u>	<u>5,196,519</u>	<u>6,275,753</u>
Total assets		<u>261,052,658</u>	<u>248,323,250</u>	<u>106,651,935</u>	<u>95,491,102</u>
LIABILITIES					
Current liabilities					
Trade and other payables	23	34,661,381	31,312,423	4,533,254	6,538,889
Borrowings	24	16,145,469	10,774,335	8,470,211	-
Obligations under finance leases	25	57,805	88,290	19,000	38,000
Gross amount due to customers for contract work-in-progress	16	3,748,737	4,010,738	-	-
Current income tax liabilities		3,002,139	953,687	-	-
Deferred income	26	3,249,874	3,249,874	3,249,874	3,249,874
		<u>60,865,405</u>	<u>50,389,347</u>	<u>16,272,339</u>	<u>9,826,763</u>
Non-current liabilities					
Borrowings	24	60,384,331	82,562,118	-	-
Obligations under finance leases	25	16,998	34,636	-	19,000
Deferred income	26	7,853,860	11,103,734	7,853,860	11,103,734
Deferred income tax liabilities	27	3,535,390	2,385,487	69,200	69,200
		<u>71,790,579</u>	<u>96,085,975</u>	<u>7,923,060</u>	<u>11,191,934</u>
Total liabilities		<u>132,655,984</u>	<u>146,475,322</u>	<u>24,195,399</u>	<u>21,018,697</u>
NET ASSETS		<u>128,396,674</u>	<u>101,847,928</u>	<u>82,456,536</u>	<u>74,472,405</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	28	32,459,456	27,309,824	32,459,456	27,309,824
Other reserves	29	1,436,487	1,157,785	1,656,152	1,837,618
Retained earnings	30	91,790,907	70,883,476	48,340,928	45,324,963
		<u>125,686,850</u>	<u>99,351,085</u>	<u>82,456,536</u>	<u>74,472,405</u>
Non-controlling interests		<u>2,709,824</u>	<u>2,496,843</u>	<u>-</u>	<u>-</u>
Total equity		<u>128,396,674</u>	<u>101,847,928</u>	<u>82,456,536</u>	<u>74,472,405</u>

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

For the financial year ended 31 December 2014

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2014

		GROUP	
	Note	2014 \$	2013 \$
Cash flows from operating activities			
Net profit		23,103,555	20,132,536
Adjustments for:			
- Income tax expense	10	3,884,438	2,684,853
- Employee share option expense	6	557,049	806,561
- Amortisation of deferred income	8	(3,249,874)	(3,254,433)
- Depreciation	5	628,250	559,217
- Dividend income from investment in quoted shares – available-for-sale financial assets	7	(306)	(324)
- Property, plant and equipment written off		89,349	4,688
- Gain on disposal of property, plant and equipment	8	(203)	(4,872,986)
- Gain on disposal of club membership		(14,010)	-
- Loss on disposal of available-for-sale financial assets		8,750	-
- Reversal of impairment loss on available-for-sale financial assets	13	(2,903)	(531)
- Interest income		(1,586,159)	(1,127,258)
- Club membership written off		-	22,000
- Finance expenses	9	572,754	339,871
- Share of profit of associated companies		(38,352)	(97,458)
- Unrealised currency translation losses		609,882	372,151
		24,562,220	15,568,887
<i>Change in working capital:</i>			
- Trade and other receivables		(17,393,166)	(11,736,708)
- Inventories		(2,905,973)	(2,647,652)
- Contract work-in-progress		108,428	652,484
- Development properties		18,713,456	(12,125,425)
- Trade and other payables		3,352,958	(17,176,607)
Cash provided by/(used in) operations		26,437,923	(27,465,021)
- Income tax paid		(686,083)	(1,000,541)
Net cash provided by/(used in) operating activities		25,751,840	(28,465,562)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2014

		GROUP	
	Note	2014 \$	2013 \$
Cash flows from investing activities			
Dividend income received from investment in quoted shares – available-for-sale financial assets	7	306	324
Dividend income received from associated companies		396,000	560,000
Final cash distribution from liquidation of associated companies		-	5,825
Proceeds from redemption of available-for-sale financial assets		500,000	-
Proceeds from disposal of club membership		202,010	-
Disposal of property, plant and equipment		896	13,767,702
Additions to property, plant and equipment		(1,789,924)	(20,991,306)
Fixed deposits with maturity of more than three months		550,562	(18,048,462)
Interest received		1,517,866	716,255
Net cash provided by/(used in) investing activities		1,377,716	(23,989,662)
Cash flows from financing activities			
Proceeds from partial disposal of share in a subsidiary		-	40,171
Proceeds from bank borrowings		36,301,025	78,495,059
Repayment of bank borrowings		(53,107,678)	(29,953,622)
Net proceeds from issuance of shares		4,402,712	3,618,918
Fixed deposits pledged		(10,520,244)	(17,212)
Repayment of finance leases		(94,460)	(142,364)
Interest paid (including amounts capitalised as development properties)		(1,927,936)	(1,718,556)
Dividends paid to equity holders of the Company	31	(1,158,899)	(1,306,136)
Dividends paid to non-controlling interests		(991,599)	(742,020)
Net cash (used in)/provided by financing activities		(27,097,079)	48,274,238
Net increase/(decrease) in cash and cash equivalents		32,477	(4,180,986)
Cash and cash equivalents			
Beginning of financial year		19,027,818	23,194,494
Effect of currency translation on cash and cash equivalents		15,178	14,310
End of financial year	12	19,075,473	19,027,818

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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

1. General information

Nobel Design Holdings Ltd (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 16 Tai Seng Street, Singapore 534138.

The principal activities of the Company are those of interior designers and renovators and manufacturers of furniture. The principal activities of its associated companies, joint operations and subsidiaries are disclosed in Note 18, 19 and 20 respectively in the notes to the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2014

On 1 January 2014, the Group adopted the new or amended FRS and Interpretations of FRS (“INT FRS”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

FRS 110 Consolidated Financial Statements

FRS 110 *Consolidated Financial Statements* introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure, or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, FRS 110 requires the Group to consolidate investees that it controls on the basis of *de facto* circumstances.

In accordance with the transitional provisions of FRS 110, the Group re-assessed the control conclusion for its investees and assessed that there is no change to its control conclusion in respect of its investments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

FRS 111 *Joint Arrangements*

FRS 111 *Joint arrangements* was issued in May 2011 and supersedes FRS 31 *Interests in joint ventures* and INT FRS 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. Under FRS 111, interests in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Interests in joint operations are accounted for by the Group recognising its own assets, liabilities, income and expenses relating to the joint operation, and its share of the assets, liabilities, income and expenses of the joint operation. Interests in joint ventures are recognised as a single investment and accounted for using the equity method of accounting per FRS 28 (Amended) *Investments in Associates and Joint Ventures*.

The Group has applied FRS 111 retrospectively from 1 January 2013 in accordance with the transitional provisions of FRS 111.

The Group has re-evaluated its involvement in its joint arrangements and reclassified to joint operations. The investments continue to be recognised by applying the proportionate consolidation. The Group combined its share of the joint operations' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements.

FRS 112 *Disclosures of Interests in Other Entities*

The Group has adopted the above new FRS on 1 January 2014. The amendment is applicable for annual periods beginning on or after 1 January 2014. It sets out the required disclosures for entities reporting under the new FRS 110 *Consolidated Financial Statements* and FRS 111 *Joint Arrangements*, and replaces the disclosure requirements currently found in FRS 27 (revised 2011) *Separate Financial Statements* and FRS 28 (revised 2011) *Investments in Associates and Joint Ventures*.

The Group has applied FRS 112 retrospectively in accordance with the transitional provisions (as amended subsequent to the issuance of FRS 112 in September 2011) in FRS 112 and amended for consolidation exceptions for 'investment entity' from 1 January 2014. The Group has incorporated the additional required disclosure into the financial statements.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) *Sale of goods – Trading income*

Sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customers which generally coincides with delivery and acceptance of the goods sold.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(b) Rendering of service – Revenue on renovation contracts

Revenue from interior renovation contracts is recognised using the percentage of completion method. The percentage of completion method is used for all contracts. Under the percentage of completion method, contract income is recognised by reference to physical progress on each contract, after making appropriate provision for uncertainties and estimated costs to complete. Progress billings are shown as a deduction from costs. Contract costs comprise direct materials, direct labour costs, sub-contractors' costs and those indirect costs related to contract performance. General and administrative costs are expensed when incurred. Provision for foreseeable losses on uncompleted contracts is made in the financial year in which such losses are determined.

(c) Interest income

Interest income, including income arising from other financial instruments, is recognised using the effective interest method.

(d) Dividend income

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

(e) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(f) Commission income, parking fee income and management fee from joint arrangement partners

Commission income, parking fee income and management fee from joint arrangement partners are recognised when services are rendered to customers.

(g) Sale of development properties under construction

Revenue from development properties under construction is recognised when the significant risks and rewards of ownership have been transferred to the purchasers. For residential development projects under progressive payment scheme in Singapore, whereby the legal terms in the sales contracts result in continuous transfer of work-in-progress to the purchasers, revenue is recognised based on the percentage of completion method. Under the percentage of completion method, profit is brought into income statement only in respect of finalised sales contracts and to the extent that such profit relates to the progress of construction work. The stage of completion is measured by reference to the professional's certification of value of work done-to-date.

(h) Sale of completed development properties

Revenue from completed properties is recognised when the risks and rewards of ownership have been transferred to the purchaser either through the transfer of legal title or equitable interest in the properties, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. 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.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) *Subsidiaries* (continued)

(iii) Disposals

When a change in the Group'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 are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries, associated companies and joint operations" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) *Associated companies*

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

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

(i) Acquisitions

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(c) *Associated companies* (continued)

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in 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 the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries, associated companies and joint operations" for the accounting policy on investments in associated companies in the separate financial statements of the Company.

(d) *Joint operations*

The Group's joint operations are joint arrangements whereby the parties (the joint operators) that have joint control of the arrangement have rights to the assets, and obligations to the liabilities, relating to the arrangement.

The Group recognises, in relation to its interest in the joint operations:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(d) Joint operations (continued)

When the Group sells or contributes assets to a joint operation, the Group recognises gains or losses on the sale or contribution of assets that is attributable to the interest of the other joint operators. The Group recognises the full amount of any loss when the sale or contribution of assets provides evidence of a reduction in the net realisable value, or an impairment loss, of those assets.

When the Group purchases assets from a joint operation, it does not recognise its share of the profits of the joint operations arising from the Group's purchase of assets until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The accounting policies of the assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The Company applies the same accounting policy on joint operations in its separate financial statements.

2.4 Property, plant and equipment

(a) Measurement

(i) Land and buildings

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at cost less accumulated impairment losses. Buildings and leasehold land are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Components of costs

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(b) Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold land and building	30 years
Hotel building	50 years
Leasehold improvements	3 - 10 years
Plant and equipment	3 - 10 years
Motor vehicles	5 years

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

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains – net".

2.5 Intangible assets

Club memberships are initially recognised at cost and are subsequently carried at cost less accumulated impairment losses.

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. Borrowing costs that are directly attributable to acquisition and construction are capitalised as part of the cost of fixed assets, development properties held for sale or completed properties held for sale. Capitalisation of borrowing costs commences when activities to prepare the assets are in progress until the asset is ready for its intended use.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.7 Construction contracts – renovation contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date (“percentage-of-completion method”). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as gross amount due from customers for contract work-in-progress within current assets. Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as gross amount due to customers for contract work-in-progress within current liabilities.

Progress billings not yet paid by customers are included within “trade receivables”. Advances received are included within “other payables”.

2.8 Investments in subsidiaries, associated companies and joint operations

Investments in subsidiaries, associated companies and joint operations are carried at cost less accumulated impairment losses in the Company’s balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.9 Impairment of non-financial assets

(a) *Intangible assets*

Property, plant and equipment

Investments in subsidiaries, associated companies and joint operations

Intangible assets, property, plant and equipment and investments in subsidiaries, associated companies and joint operations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (“CGU”) to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.9 Impairment of non-financial assets (continued)

(a) *Intangible assets* (continued)

Property, plant and equipment (continued)

Investments in subsidiaries, associated companies and joint operations (continued)

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

(b) *Development/completed properties held for sale*

The Group assesses whether there are any indicators of impairment for non-financial assets at each reporting date. In particular, allowance for foreseeable losses/impairment is made for development/completed properties held for sale when the net realisable value has fallen below cost. In arriving at estimates of net realisable values, management considered factors such as current market conditions, recent selling prices of the development properties and comparable development properties less the estimated costs of completion and the estimated costs necessary to make the sale. There are no allowance for foreseeable losses for financial year ended 31 December 2014 and 2013. The carrying amounts of the properties held for sale at balance sheet date is disclosed in the balance sheet.

2.10 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following categories: 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 presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables (Note 14)" and "cash and cash equivalents (Note 12)" on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(a) *Classification* (continued)

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

(b) *Recognition and derecognition*

Regular way 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 carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

(d) *Subsequent measurement*

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

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

(e) *Impairment*

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(e) *Impairment* (continued)

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the 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.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.10(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income 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 previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

(f) *Offsetting of financial instruments*

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries, joint operations and associated companies. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries, joint operations and associated companies fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.12 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.14 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.15 Leases

(a) *When the Group is the lessee:*

The Group leases motor vehicles under finance leases and land and warehouses under operating leases from non-related parties.

(i) Lessee - Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.15 Leases (continued)

(a) *When the Group is the lessee:* (continued)

(ii) Lessee - Operating leases

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

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

(b) *When the Group is the lessor:*

The Group leases leasehold land and building under operating leases to non-related parties.

(i) Lessor - Operating leases

Leases of leasehold land and building where the Group retains substantially all risks and rewards incidental to ownership 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.

2.16 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.17 Development properties

Development properties are properties being developed for sale.

(a) *Development properties held for sale*

Development properties held for sale are measured at the lower of cost and net realisable value. Cost includes cost of land and construction, related overhead expenditure, and financing charges and other net costs incurred during the period of development.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.17 Development properties (continued)

(a) *Development properties held for sale* (continued)

Development properties held for sale are stated at cost plus attributable profits less progress billings if their revenue is recognised based on the percentage of completion method. Progress billings not yet paid by customers are shown within "trade receivables".

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Developments are considered complete upon the issue of Temporary Occupation Permit. When completed, development properties held for sale are transferred to completed properties held for sale.

For revenue recognition on development properties held for sale, please refer to Note 2.2 (g).

(b) *Completed properties held for sale*

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related overhead expenditure, and financing charges and other net costs incurred during the period of development.

Allowance for impairment is made when it is anticipated that the net realisable value has fallen below cost.

For revenue recognition on completed properties held for sale, please refer to Note 2.2 (h).

2.18 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when 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 affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint operations, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.18 Income taxes (continued)

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.20 Employee compensation

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

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.20 Employee compensation (continued)

(b) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued.

(c) *The profit sharing and bonus plans*

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

(d) *Short-term compensated absences*

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

2.21 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "administrative expenses".

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Significant accounting policies (continued)

2.21 Currency translation (continued)

(c) 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 presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive directors whom are responsible for allocating resources and assessing performance of the operating segments.

2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value and net of bank overdrafts (if any).

2.24 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.25 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.26 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

3. Critical accounting estimates and assumptions

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) *Sale of development properties*

For residential development projects under progressive payment scheme in Singapore, the Group recognises revenue and cost of sales from partly completed development properties held for sale based on the percentage of completion method. The stage of completion is measured in accordance with the accounting policy stated in Note 2.2. Estimates are required in determining the total estimated development costs which will affect the stage of completion. In making the assumption, the Group relies on references to information such as current offers and/or recent contracts with contractors and suppliers, estimation on cost of construction and material costs based on historical experience, and the work of professional surveyors and architects. Revenue from partly completed properties held for sale is disclosed in Note 4.

If the revenue on uncompleted contracts at the balance sheet date had been higher/lower by 2% from estimates, the Group's revenue would have been higher/lower by \$1,347,567 (2013: \$818,345).

If the contract costs of uncompleted contracts to be incurred had been higher/lower by 2% from estimates, the Group's profit would have been higher/lower by \$439,034 (2013: \$232,665).

(b) *Revenue on renovation contracts*

The Group uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion and the contract revenue respectively. In making these estimates, management has relied on past experience and the work of specialists.

If the revenue on uncompleted contracts at the balance sheet date had been higher/lower by 10% from management's estimates, the Group's revenue would have been higher/lower by \$1,222,526 (2013: \$1,075,342).

If the contract costs of uncompleted contracts to be incurred had been higher/lower by 10% from management's estimates, the Group's profit would have been higher/lower by \$813,561 (2013: \$720,141).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

3. Critical accounting estimates and assumptions (continued)

(c) *Impairment of loans and receivables*

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

If the net present values of estimated cash flows had been higher/lower by 10% from management's estimates for all past due loans and receivables, the allowance for impairment of the Group would have been higher/lower by \$42,198 (2013: \$41,558).

(d) *Net realisable value for slow moving inventories*

The management carries out an inventory review on a product-by-product basis at the end of each reporting period and write down its inventory to lower of cost and net realisable value. The management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. As at 31 December 2014, management has written down approximately \$416,186 (2013: \$1,730) of its slow moving inventories. The carrying amount of inventories at the end of reporting year was \$18,456,970 (2013: \$15,550,997).

(e) *Estimation of net realisable value for development properties*

Inventory properties are stated at the lower of cost and net realisable value ("NRV").

NRV in respect of development properties under construction is assessed with reference to market prices at the reporting date for similar completed properties less estimated costs to complete construction and less an estimate of the time value of money to the date of completion. The carrying amount of the development properties stated at net realisable value as at 31 December 2014 was \$70,828,795 (2013: \$88,187,069). If the estimated costs to complete construction increase by 5% from management's estimate, the carrying amount of development properties stated would reduce by \$1,539,422 (2013: \$1,482,757).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

3. Critical accounting estimates and assumptions (continued)

(f) *Impairment of available-for-sale financial assets*

At the balance sheet date, the fair values of certain equity securities classified as available-for-sale financial assets with a carrying amount of \$76,462 (2013: \$76,462) have declined below cost by \$52,483 (2013: \$55,386). The Group has made a judgement that this decline is not significant or prolonged. In making this judgement, the Group has considered, among other factors, the short-term duration of the decline, the small magnitude by which the fair value of the investment is below cost; and the positive financial health and short-term business outlook of the investee.

The Group has recognised a reversal of impairment loss of \$2,903 (2013: \$531) against the quoted securities in Singapore whose trade prices had been above cost for a prolonged period during the financial year.

(g) *Joint arrangement*

Judgement is required to determine when the Group has joint control, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the financing, operating and capital decisions of the arrangement, such as: the approval the capital expenditure programme for each year, and appointing, remunerating and terminating the key management personnel or service providers of the joint arrangement. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries. Refer to Note 2.3 (d) for more details.

Judgement is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess its rights and obligations arising from the arrangement. Specifically, it considers:

- 1) The structure of the joint arrangement – whether it is structured through a separate vehicle.
- 2) When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
 - (i) the legal form of the separate vehicle;
 - (ii) the terms of the contractual arrangement; and
 - (iii) other facts and circumstances (when relevant).

This assessment often requires significant judgement, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting. The Group has joint arrangements which are structured through a separate vehicle, being a company structure. The Group and its joint arrangement partners have agreed amongst themselves that each partner has the rights to the assets and obligations for the liabilities of the joint arrangement and will share the revenue and cost in relation of the joint arrangement in proportion to the percentage of their shareholdings in the company structure.

Given this, the Group then had to assess the other facts and circumstances relating to this arrangement. After undertaking this assessment, there were a number of indicators for both a joint venture classification and a joint operation classification. Significant judgement was therefore required to determine how these factors would be analysed. The final conclusion was that the arrangement was joint operations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

4. Revenue

	GROUP	
	2014	2013
	\$	\$
Revenue on renovation contracts	20,350,628	17,598,065
Sale of development properties	69,504,904	40,923,819
Sale of goods - trading income	57,224,627	50,559,558
Others	126,293	236,914
	147,206,452	109,318,356

5. Profit before income tax

This is determined after charging/(crediting):

	GROUP	
	2014	2013
	\$	\$
Advertising and promotion	2,585,612	2,260,711
Fees on audit services paid/payable to:		
- Auditor of the Company	99,618	85,106
- Other auditors	15,571	21,330
Fees on non-audit services paid/payable to:		
- Auditor of the Company	4,000	3,500
Bank charges	199,121	173,060
Cost of development properties for sale recognised as expense	46,928,610	29,263,814
Contract costs on renovation contracts	10,670,343	8,626,718
Changes in inventories	(2,905,973)	(2,647,652)
Club memberships written off	-	22,000
Depreciation of property, plant and equipment (Note 21)	628,250	559,217
Employee compensation (Note 6)	13,674,075	11,568,105
Allowance for impairment of trade and other receivables (Note 34 (b))	212,157	252,947
Inventories written-down	416,186	1,730
Property tax	467,297	625,376
Purchase of inventories	37,510,227	32,350,435
Rental expense on operating leases	9,452,744	9,090,979
Sales commission	1,794,884	1,648,415
Utilities	430,666	485,423
Reversal of inventories written-down in prior year	(333,222)	(89,727)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

6. Employee compensation

	GROUP	
	2014	2013
	\$	\$
Wages and salaries	11,968,900	9,890,419
Employer's contribution to defined contribution plans including Central Provident Fund	812,494	565,946
Directors' fee	292,000	267,500
Employee share option expense (Note 29 (b) (i))	557,049	806,561
Staff accommodation	43,632	37,679
	13,674,075	11,568,105

7. Other income

	GROUP	
	2014	2013
	\$	\$
Commission income	16,266	21,883
Dividend income from investment in quoted shares	306	324
Fixed deposit interest income	940,237	771,067
Interest income from joint operations	645,922	356,191
Management fee from joint operations	54,000	54,000
Parking fee income	97,727	112,064
Rental income	3,723,260	4,006,216
Miscellaneous income	543,695	217,351
	6,021,413	5,539,096

8. Other gains - net

	GROUP	
	2014	2013
	\$	\$
Amortisation of deferred income (Note 26)	3,249,874	3,254,433
Bad debts recovered	83,727	104,969
Gain on disposal of property, plant and equipment	203	4,872,986
	3,333,804	8,232,388

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

9. Finance expenses

	GROUP	
	2014	2013
	\$	\$
Bank loan interest	1,839,312	1,638,709
Finance lease interest	8,136	10,707
Trust receipts interest	74,864	68,519
Other interest	5,624	621
	1,927,936	1,718,556
Finance expense capitalised in:		
- Development properties	(1,355,182)	(1,378,685)
	572,754	339,871

10. Income tax expense

(a) Income tax expense

	GROUP	
	2014	2013
	\$	\$
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
Current income tax		
- Singapore	1,600,289	823,665
- Foreign	26,897	53,231
	1,627,186	876,896
Deferred income tax (Note 27)	2,667,513	2,003,555
(Over)/under provision in prior financial years:		
Current income tax		
- Singapore	(405,522)	(209,145)
- Foreign	(4,739)	13,547
	3,884,438	2,684,853

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

10. Income tax expense (continued)

(a) Income tax expense (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	GROUP	
	2014	2013
	\$	\$
Profit before tax	26,949,641	22,719,931
Share of profit of associated companies - net of tax	38,352	97,458
Profit before tax and share of profit of associated companies	26,987,993	22,817,389
Tax calculated at tax rate of 17% (2013: 17%)	4,587,959	3,878,956
Effects of:		
- different tax rates in other countries	(7,810)	(8,837)
- expenses not deductible for tax purposes	268,400	109,715
- income not subject to tax	(640,092)	(1,560,876)
- deferred tax assets not recognised	247,197	1,017,186
- utilisation of previously unrecognised tax losses	(146,494)	(351,784)
- over provision in prior years income tax	(285,097)	(195,598)
- corporate income tax rebate	(58,803)	(78,151)
- enhanced allowance	(5,761)	(55,685)
- tax exemption	(76,351)	(84,256)
- other	1,290	14,183
Tax charge	3,884,438	2,684,853

(b) The tax (charge)/credit relating to each component of other comprehensive income is as follows:

	GROUP					
	2014			2013		
	Before tax	Tax charge	After tax	Before tax	Tax credit	After tax
	\$	\$	\$	\$	\$	\$
Fair value gains/(losses) on available-for-sale financial assets	10,127	(1,722)	8,405	(1,512)	257	(1,255)
Currency translation difference arising from consolidation	627,523	-	627,523	388,707	-	388,707
Other comprehensive income	637,650	(1,722)	635,928	387,195	257	387,452

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

11. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	GROUP	
	2014	2013
	\$	\$
Net profit attributable to equity holders of the Company	22,066,330	19,000,061
Weighted average number of ordinary shares outstanding for basic earnings per share	196,745,111	183,158,550
Basic earnings per share (cents per share)	11.216	10.374

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: warrants and share options.

Warrants are assumed to have been converted into ordinary shares at issuance.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

Diluted earnings per share attributable to equity holders of the Company is calculated as follows:

	GROUP	
	2014	2013
	\$	\$
Net profit attributable to equity holders of the Company	22,066,330	19,000,061
Weighted average number of ordinary shares outstanding for basic earnings per share	196,745,111	183,158,550
Adjustments for:		
- Share options	3,496,996	1,600,960
- Warrants	11,605,641	22,916,198
	211,847,748	207,675,708
Diluted earnings per share (cents per share)	10.416	9.149

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

12. Cash and cash equivalents

	<u>GROUP</u>		<u>COMPANY</u>	
	2014 \$	2013 \$	2014 \$	2013 \$
Cash at bank and on hand	11,155,893	14,512,973	2,844,914	2,512,895
Cash at bank – project account ^(a)	7,919,580	4,514,845	-	-
Bank deposits	91,604,422	81,634,740	73,944,650	66,764,680
	110,679,895	100,662,558	76,789,564	69,277,575

^(a) The cash is held under the Housing Developer Act (Project Account) Rules (1997 Ed.), withdrawals from which are restricted to payments for expenditure incurred on project under development and conditions as stipulated under the said Rules.

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	<u>GROUP</u>	
	2014 \$	2013 \$
Cash and cash equivalents (as above)	110,679,895	100,662,558
Less: Bank deposits pledged *	(11,838,136)	(1,317,892)
Less: Bank deposits with maturity more than three months	(79,766,286)	(80,316,848)
Cash and cash equivalents per consolidated statement of cash flows	19,075,473	19,027,818

* Bank deposits are pledged in relation to the security granted for certain borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

13. Available-for-sale financial assets

	GROUP AND COMPANY	
	2014	2013
	\$	\$
Beginning of financial year	521,421	522,145
Fair value gains/(losses) recognised in equity (Note 29 (b) (ii))	8,405	(1,255)
Redemption	(508,750)	-
Reversal of impairment loss	2,903	531
End of financial year	23,979	521,421

Available-for-sale financial assets are analysed as follows:

	GROUP AND COMPANY	
	2014	2013
	\$	\$
<i>Listed securities</i>		
Equity securities – Singapore	23,979	21,076
Fixed income notes	-	500,345
	23,979	521,421

The fixed income notes bear coupon rate of Nil (2013: 3.83%) per annum and matured on 17 January 2014 (2013: 17 January 2014).

The details of the quoted equity shares are as follows:

	GROUP AND COMPANY	
	2014	2013
	\$	\$
Equity securities – Singapore, at cost	76,462	76,462
Less: Allowance for impairment	(52,483)	(55,386)
	23,979	21,076

The movement for allowance for impairment are as follows:

	GROUP AND COMPANY	
	2014	2013
	\$	\$
Beginning of financial year	55,386	55,917
Reversal of impairment loss	(2,903)	(531)
End of financial year	52,483	55,386

The Group has recognised a reversal of impairment loss of \$2,903 (2013: \$531) against the quoted securities in Singapore whose trade prices had been above cost for a prolonged period during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

14. Trade and other receivables

	<u>GROUP</u>		<u>COMPANY</u>	
	2014 \$	2013 \$	2014 \$	2013 \$
<i>Current</i>				
Trade receivables				
- Non-related parties	27,990,967	17,056,391	116,658	116,655
- Subsidiaries	-	-	1,330,460	992,608
- Joint operations	-	-	-	77,040
- Associated companies	74,547	74,547	-	-
	28,065,514	17,130,938	1,447,118	1,186,303
Less: Allowance for impairment of receivables	(1,043,907)	(1,042,811)	(1,447,118)	(1,109,263)
Trade receivables – net	27,021,607	16,088,127	-	77,040
Other receivables				
- Subsidiaries	-	-	7,179,686	2,319,402
- Joint operations	-	-	14,010,398	18,117,823
- Associated companies	8,163,144	156	4,789,366	-
- Sundry receivables	385,800	802,920	88,883	594,337
- Interest receivables	486,589	418,296	421,590	411,004
	9,035,533	1,221,372	26,489,923	21,442,566
Less: Allowance for impairment of receivables	(156,072)	(101,146)	(2,158,772)	(2,392,844)
Non-trade receivables – net	8,879,461	1,120,226	24,331,151	19,049,722
Deposits	3,801,670	4,076,568	307,722	289,582
Prepayments	840,477	1,229,705	3,000	9
	4,642,147	5,306,273	310,722	289,591
	40,543,215	22,514,626	24,641,873	19,416,353
<i>Non-current</i>				
Other receivables				
Deposits	421,206	180,346	-	-
Total trade and other receivables	40,964,421	22,694,972	24,641,873	19,416,353

The amounts due from subsidiaries, joint operations and associated companies are unsecured, interest-free and repayable on demand.

The fair values of non-current deposits receivable approximate their carry value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

15. Inventories

	GROUP	
	2014	2013
	\$	\$
Merchandise	13,199,352	11,312,555
Goods in transit	5,257,618	4,238,442
	18,456,970	15,550,997

The cost of inventories recognised as an expense and included in “cost of sales” amounted to \$34,604,254 (2013: \$29,702,783).

The Group reversed \$333,222 (2013: \$89,727) of a previous inventory write-down in 2013, as the inventories were sold above the carrying amounts in the years the reversals were made.

16. Gross amount due from/(to) customers for contract work-in-progress

	GROUP	
	2014	2013
	\$	\$
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	6,466,856	4,713,361
Less: Progress billings	(10,126,091)	(8,264,168)
	(3,659,235)	(3,550,807)
Presented as:		
Gross amount due from customers for contract work	89,502	459,931
Gross amount due to customers for contract work	(3,748,737)	(4,010,738)
	(3,659,235)	(3,550,807)

17. Development properties

	GROUP	
	2014	2013
	\$	\$
Development properties under construction:		
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	130,640,470	140,403,083
Less: Progress billings	(59,811,675)	(52,216,014)
	70,828,795	88,187,069

The development cost account included interest charged during the year as follows:

	GROUP	
	2014	2013
	\$	\$
Financial institutions	913,560	1,102,251
Joint operations	441,622	276,434
	1,355,182	1,378,685

The average effective interest rate is between 1.3% to 2% (2013: 1.3% to 2%) per annum.

The development properties are mortgaged to banks as securities (Note 24).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

17. Development properties (continued)

2014

Location	Title	Expected TOP date	Expected legal completion date	Land area (sqm)	Floor area (sqm)	Description of development
Lot 10164L Mukim 18, at Lim Tua Tow Road ^(a)	Freehold	20-Jun-14	30-Sep-16	6,778	9,489	5-storey condominium (198 units) with swimming pool
Lot 7158P Mukim 18, 19/21 Yio Chu Kang Road and 28 Lim Tua Tow Road ^(b)	Freehold	30-Jul-15	30-Jun-18	2,664	4,100	53 units of apartments
Spring Court and Spring Mansion, Balestier Road ^(c)	Freehold	31-Dec-17	31-Dec-20	3,028	9,145	Mixed development
402 to 412 A/B/C & 414 to 414Q River Valley Road ^(d)	Freehold	7-Jan-15	7-Jan-18	2,504	5,751	Residential apartment
1 Surin Ave/790 Upper Serangoon Road ^(e)	Freehold	31-Dec-17	31-Dec-20	4,089	5,000	27 units of strata terrace houses
401, Macpherson Road ^(e)	Freehold	31-Dec-18	31-Dec-21	5,056	14,204	Commercial and hotel

^(a) This project has been granted the TOP (Temporary Occupation Permit) on 20 June 2014.

^(b) The stage of completion of the development properties is approximately 35% at the balance sheet date.

^(c) The stage of completion of the residential development is approximately 40% and commercial development is approximately 52%.

^(d) The stage of completion of the development properties is approximately 87%.

^(e) Development of properties are at its initial stage.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

17. Development properties (continued)

2013

Location	Title	Expected TOP date	Expected legal completion date	Land area (sqm)	Floor area (sqm)	Description of development
Lot 10164L Mukim 18, at Lim Tua Tow Road ^(a)	Freehold	20-Jun-14	30-Sep-16	6,778	9,489	5-storey condominium (198 units) with swimming pool
Lot 7158P Mukim 18, 19/21 Yio Chu Kang Road and 28 Lim Tua Tow Road ^(b)	Freehold	30-Jul-15	30-Jun-18	2,664	4,100	53 units of apartments
Spring Court and Spring Mansion, Balestier Road ^(c)	Freehold	31-Dec-17	31-Dec-20	3,028	9,145	Mixed development
402 to 412 A/B/C & 414 to 414Q River Valley Road ^(d)	Freehold	7-Jan-15	7-Jan-18	2,504	5,751	Residential apartment
1 Surin Ave/790 Upper Serangoon Road ^(b)	Freehold	31-Dec-17	31-Dec-20	4,089	5,000	27 units of strata terrace houses
401, Macpherson Road ^(b)	Freehold	31-Dec-18	31-Dec-21	5,056	14,204	Commercial and hotel

^(a) The stage of completion of the development properties is approximately 58% at the balance sheet date.

^(b) Development of properties are at its initial stage.

^(c) The stage of completion of the residential development is approximately 7% and commercial development is approximately 5%.

^(d) The stage of completion of the development properties is approximately 35%.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

18. Investments in associated companies

	COMPANY	
	2014	2013
	\$	\$
Equity investments at cost:		
Beginning of financial year	800,000	1,200,000
Additions	4	-
Liquidation of associated companies	(800,000)	(400,000)
End of financial year	4	800,000

The investments in associated companies are not individually material.

The carrying amount of the Group's interest in associated companies, is as follows:

	GROUP	
	2014	2013
	\$	\$
<i>Net assets</i>		
At 1 January	2,924,112	4,086,991
Profit for the year	42,672	237,121
At 31 December	2,966,784	4,324,112
Less: Liquidations	(2,029,991)	-
Less: Dividends	(990,000)	(1,400,000)
	(53,207)	2,924,112
Interest in associated companies based on respective equity interests	(17,842)	1,169,644
Other adjustments ⁽¹⁾	17,848	-
Carrying value of Group's interest in associated companies	6	1,169,644

Summarised statement of comprehensive income

	GROUP	
	2014	2013
	\$	\$
Net profit	38,352	97,458
Other comprehensive income	-	-
Total comprehensive income	38,352	97,458

⁽¹⁾ The Group has not recognised its share of losses of associated companies, Cove City Ltd, Alliance Stellar Ltd and Covent Garden Development Pte Ltd amounting to \$5,598 (2013: \$Nil), \$137 (2013: \$Nil) and \$12,107 (2013: \$Nil) respectively as the Group's cumulative share of losses exceeded its interests in those entities' and the Group has no obligation in respect of those losses. The cumulative unrecognised loss with respect to those entities is \$17,842 (2013: Nil) at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

18. Investments in associated companies (continued)

Details of investment in associated companies are as follows:

Name of associated companies	Principal activities	Country of incorporation / place of business	Effective percentage of equity held by the Group		GROUP Cost of investment	
			2014 %	2013 %	2014 \$	2013 \$
<u>Held by the Company</u>						
Covent Garden Development Pte Ltd ⁺	Property development in United Kingdom	Singapore	40	-	4	-
ACT-Nobel Homes Pte Ltd ⁺⁺	Property development	Singapore	-	40	-	400,000
Shelford Terraces Pte Ltd ⁺⁺	Property development	Singapore	-	40	-	400,000
					4	800,000
<u>Held by a subsidiary - Momentum Creations Pte Ltd</u>						
P.T. Marquis Sarana Cipta ^{*, ^}	Exporter and importer of furniture, and interior design consultancy and contract	Indonesia	40	40	65,670	65,670
<u>Held by a subsidiary - Affluent Apex Ltd</u>						
Cove City Ltd ⁺	Investment holding company	British Virgin Island	25	-	1	-
Alliance Stellar Ltd ⁺	Investment holding company	British Virgin Island	25	-	1	-
					65,672	65,670
					65,676	865,670

As at financial year ended 31 December 2013, the associated company, Cotswold Residences Pte Ltd had been liquidated.

⁺ Audited by Nexia TS Public Accounting Corporation, Singapore.

⁺⁺ Audited by Nexia TS Public Accounting Corporation, Singapore. These companies are in the process of liquidation.

^{*} The cost of investment in this associated company has been fully impaired.

[^] Not required to be audited by law of country of incorporation, company is dormant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

19. Investments in joint operations

	COMPANY	
	2014	2013
	\$	\$
Equity investments at cost		
Beginning of financial year	1,137,502	1,137,501
Additions	-	1
End of financial year	1,137,502	1,137,502

Details of investments in joint operations are as follows:

Name of joint operations	Principal activities	Country of incorporation / place of business	Percentage of equity held		COMPANY Cost of investment	
			2014	2013	2014	2013
			%	%	\$	\$
Astrid Hill Residences Pte Ltd +	Property development	Singapore	28³/₄	28 ³ / ₄	287,500	287,500
Urban Lofts Pte Ltd +	Property development	Singapore	35	35	350,000	350,000
LVND Homes Pte Ltd +	Property development	Singapore	25	25	250,000	250,000
Alliance Land Pte Ltd +	Property development	Singapore	25	25	250,000	250,000
LVND Holdings Pte Ltd +	Property development	Singapore	25	25	2	2
Surrey Homes Pte Ltd ++	Property development	Singapore	33¹/₃	33 ¹ / ₃	-	-
CABAS International Pte Ltd @	Design and manufacture of furniture	Singapore	33¹/₃	33 ¹ / ₃	-	-
<u>Held by - LVND Holdings Pte Ltd</u>						
LVND Hotels Pte Ltd +	Property development	Singapore	25	25	-	-
LVND Investments Pte Ltd (formerly known as LVND Development Pte Ltd) +	Property development	Singapore	25	25	-*	-*
					1,137,502	1,137,502

+ Audited by Nexia TS Public Accounting Corporation, Singapore.

@ Not audited. CABAS International Pte Ltd is presently dormant.

++ Struck off in the current financial year.

* The cost of investment has been transferred to LVND Holdings Pte Ltd, but effective holding remained the same.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

19. Investments in joint operations (continued)

The following amounts represent the Group's share of the assets and liabilities and income and expenses of the joint operations which are included in the consolidated balance sheet and statement of comprehensive income.

	GROUP	
	2014	2013
	\$	\$
Assets		
- Current assets	111,612,832	118,108,228
- Non-current assets	18,077,853	17,100,966
	129,690,685	135,209,194
Liabilities		
- Current liabilities	30,733,769	37,292,709
- Non-current liabilities	67,575,988	84,853,873
	98,309,757	122,146,582
Net assets	31,380,928	13,062,612
Project revenue	69,504,904	40,923,820
Project cost	(46,928,610)	(29,481,356)
Other income	679,618	722,751
Expenses	(611,208)	(597,125)
Profit before income tax	22,644,704	11,568,090
Income tax expense	(3,607,638)	(2,006,141)
Profit after income tax	19,037,066	9,561,949
Operating cash inflows/(outflows)	33,872,639	(30,465,559)
Investing outflows	(771,193)	(24,353,784)
Financing cash (outflows)/inflows	(32,772,807)	52,427,111
Total cash inflows/(outflows)	328,639	(2,392,232)
Proportionate interest in joint operation's capital commitments (Note 33)	24,451,480	22,240,718

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

20. Investments in subsidiaries

	COMPANY	
	2014	2013
	\$	\$
Equity investments at cost		
Beginning of financial year	5,828,306	5,789,767
Additions	3	38,539
	5,828,309	5,828,306
Less: Allowance for impairment	(2,112,000)	(2,112,000)
End of financial year	3,716,309	3,716,306

The movement for allowance for impairment are as follows:

	COMPANY	
	2014	2013
	\$	\$
Beginning of financial year	2,112,000	3,098,034
Reversal of allowance for impairment – net	-	(986,034)
End of financial year	2,112,000	2,112,000

Management had assessed impairment test on its loss making subsidiaries. An impairment loss of \$Nil (2013: \$171,586) was recognised to write down the cost of investment to its recoverable amount.

The Company has recognised a reversal of \$Nil (2013: \$1,157,620), as there was a revision in its recoverable amount.

Details of subsidiaries held by the Company are as follows:

Name of subsidiaries	Principal activities	Country of incorporation / place of business	Percentage of equity held		COMPANY Cost of investment	
			2014	2013	2014	2013
			%	%	\$	\$
Boss Design International Pte Ltd +	Furniture retailing, interior renovators and designers	Singapore	100	100	339,400	339,400
Home2be Pte Ltd +	Retailing of furniture and household accessories	Singapore	75.2	75.2	395,200	395,200
Marquis Furniture Gallery Pte Ltd +	Furniture retailing and interior designers	Singapore	100	100	430,000	430,000
Momentum Creations Pte Ltd +	Retailers of designer furniture	Singapore	84.2	84.2	133,047	133,047
Nobel Projects Pte Ltd +	Supply and installation of wardrobes, kitchens and other wooden joinery and fittings	Singapore	65	65	649,999	649,999
Affluent Apex Ltd +	Investment holdings	British Virgin Island	100	-	3	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

20. Investments in subsidiaries (continued)

Details of subsidiaries held by the Company are as follows: (continued)

Name of subsidiaries	Principal activities	Country of incorporation / place of business	Percentage of equity held		COMPANY Cost of investment	
			2014 %	2013 %	2014 \$	2013 \$
Nobel Design Sdn Bhd ⁺⁺⁺	Interior design contractors	Brunei	52	52	260,000	260,000
Nobel Design House (M) Sdn Bhd ⁺⁺⁺⁺	Interior design contractors	Malaysia	100	100	51,500	51,500
Nobel Reka Cipta Sdn Bhd ⁺⁺⁺⁺	Interior design contractors	Malaysia	100	100	38,540	38,540
Seni Reka Nobel Sdn Bhd ⁺⁺⁺⁺	Furniture retailing and interior design contractors	Malaysia	100	100	285,000	285,000
Buylateral Group Pte Ltd ^{+, ^^}	Trading and distribution on an e-commerce platform for furniture, accessories, fabric and furnishings for the business-to-business (B2B) market	Singapore	73.15	73.15	3,165,620	3,165,620
Numero Uno Creative Group Pte Ltd ⁺	Interior design services, furniture manufacturer, turnkey projects and project management	Singapore	80	80	80,000	80,000
					5,828,309	5,828,306

Name of subsidiaries	Principal activities	Country of incorporation / place of business	Percentage of equity held		GROUP Cost of investment	
			2014 %	2013 %	2014 \$	2013 \$

Held by - Marquis Furniture Gallery Pte Ltd

Marquis HQO Pte Ltd ⁺	Retailer of office furniture, leather chairs and other office accessories	Singapore	90	90	180,000	180,000
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Held by - Buylateral Group Pte Ltd

Buylateral.Com (M) Sdn Bhd ⁺⁺⁺⁺	Wholesaler and internet retailers of furniture, accessories, fabric and furnishing	Malaysia	73.15	73.15	1 (RM2)	1 (RM2)
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

20. Investments in subsidiaries (continued)

Name of subsidiaries	Principal activities	Country of incorporation / place of business	Percentage of equity held		GROUP Cost of investment	
			2014 %	2013 %	2014 \$	2013 \$
<u>Held by - Buylateral Group Pte Ltd (continued)</u>						
Target Marketing Systems, Inc. ⁺	Trading and distribution on an e-commerce platform for furniture, accessories, fabric and furnishing for the business-to-business (B2B) market.	United States of America	73.15	73.15	758,206 (USD) 425,680 and S\$19,487)	758,206 (USD) 425,680 and S\$19,487)

^{^^} In 2006, Nobel Design Holdings Ltd acquired the entire 65,577 Series A redeemable convertible preference shares. Accordingly, the company became a subsidiary of Nobel Design Holdings Ltd, which is also the ultimate holding company.

⁺ Audited by Nexia TS Public Accounting Corporation, Singapore.

⁺⁺⁺ Audited by Deloitte & Touche, Brunei Darussalam.

⁺⁺⁺⁺ Audited by Roger Yue, Tan & Associates, Malaysia.

- (i) In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Company.

Summarised financial information of subsidiaries with material non-controlling interests

The Group has the following subsidiaries that have non-controlling interests that are material to the Group.

Carrying value of non-controlling interests

	2014 \$	2013 \$
Buylateral Group Pte Ltd and its subsidiaries	2,368,594	1,724,784
Other subsidiaries with immaterial non-controlling interest	341,230	772,059
	2,709,824	2,496,843

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

20. Investments in subsidiaries (continued)

Summarised financial information of subsidiaries with material non-controlling interests (continued)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial years ended 31 December 2014 and 2013.

Buylateral Group Pte Ltd and its subsidiaries

	2014 \$	2013 \$
<i>Summarised balance sheet</i>		
Current		
Assets	18,539,557	14,226,633
Liabilities	(10,242,542)	(7,979,034)
	<u>8,297,015</u>	<u>6,247,599</u>
Non-current		
Assets	541,564	176,176
Liabilities	(16,998)	-
	<u>524,566</u>	<u>176,176</u>
	2014 \$	2013 \$
<i>Summarised income statement</i>		
Revenue	37,696,633	29,930,220
Profit before income tax	1,774,514	2,355,499
Income tax expense	-	(25,507)
Net profit	<u>1,774,514</u>	<u>2,329,992</u>
	2014 \$	2013 \$
<i>Summarised cash flows</i>		
Cash (used in)/generated from operation	(520,827)	1,639,108
Income tax paid	-	(25,507)
Net cash (used in)/generated from operating activities	<u>(520,827)</u>	<u>1,613,601</u>
Net cash used in investing activities	<u>(421,975)</u>	<u>(71,972)</u>
Net cash generated from/(used in) financing activities	<u>875,819</u>	<u>(1,599,210)</u>
Net decrease in cash and cash equivalent	(66,983)	(57,581)
Cash and cash equivalent at beginning of year	499,012	542,919
Effect on currency translation on cash and cash equivalent	14,637	13,674
Cash and cash equivalent at end of year	<u>446,666</u>	<u>499,012</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

21. Property, plant and equipment

GROUP	Freehold land	Hotel building	Leasehold improvements	Plant and equipment	Motor vehicles	Construction work-in-progress	Total
2014	\$	\$	\$	\$	\$	\$	\$
<i>Cost</i>							
Beginning of financial year	12,225,000	4,866,777	1,460,076	1,603,884	984,811	59,040	21,199,588
Currency translation differences	-	-	460	16,576	-	-	17,036
Additions	-	-	295,860	450,916	27,140	1,062,345	1,836,261
Disposals	-	-	-	(1,704)	-	-	(1,704)
Written off	-	-	(125,521)	(6,760)	-	-	(132,281)
End of financial year	12,225,000	4,866,777	1,630,875	2,062,912	1,011,951	1,121,385	22,918,900
<i>Accumulated depreciation</i>							
Beginning of financial year	-	49,851	665,618	1,084,665	671,796	-	2,471,930
Currency translation differences	-	-	441	14,025	107	-	14,573
Depreciation charge	-	85,459	240,965	161,365	140,461	-	628,250
Disposals	-	-	-	(1,011)	-	-	(1,011)
Written off	-	-	(39,340)	(3,592)	-	-	(42,932)
End of financial year	-	135,310	867,684	1,255,452	812,364	-	3,070,810
Net book value							
End of financial year	12,225,000	4,731,467	763,191	807,460	199,587	1,121,385	19,848,090

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

21. Property, plant and equipment (continued)

GROUP	Freehold land	Leasehold land and building	Hotel building	Leasehold improvements	Plant and equipment	Motor vehicles	Construction work-in-progress	Total
2013	\$	\$	\$	\$	\$	\$	\$	\$
<i>Cost</i>								
Beginning of financial year	-	4,271,128	-	669,823	1,255,690	1,207,699	-	7,404,340
Currency translation differences	-	-	-	368	10,862	-	-	11,230
Additions	12,225,000	2,617,335	4,866,777	872,297	350,857	-	59,040	20,991,306
Disposals	-	(6,888,463)	-	-	-	(222,888)	-	(7,111,351)
Written off	-	-	-	(82,412)	(13,525)	-	-	(95,937)
End of financial year	12,225,000	-	4,866,777	1,460,076	1,603,884	984,811	59,040	21,199,588
<i>Accumulated depreciation</i>								
Beginning of financial year	-	-	-	547,520	933,922	691,848	-	2,173,290
Currency translation differences	-	-	-	365	8,617	-	-	8,982
Depreciation charge	-	-	49,851	195,472	155,636	158,258	-	559,217
Disposals	-	-	-	-	-	(178,310)	-	(178,310)
Written off	-	-	-	(77,739)	(13,510)	-	-	(91,249)
End of financial year	-	-	49,851	665,618	1,084,665	671,796	-	2,471,930
Net book value								
End of financial year	12,225,000	-	4,816,926	794,458	519,219	313,015	59,040	18,727,658

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

21. Property, plant and equipment (continued)

COMPANY	Leasehold land and building	Leasehold improvements	Plant and equipment	Motor vehicles	Total
2014	\$	\$	\$	\$	\$
<i>Cost</i>					
Beginning of financial year	-	125,010	648,291	262,001	1,035,302
Additions	-	-	16,240	-	16,240
Disposals	-	-	(1,385)	-	(1,385)
End of financial year	-	125,010	663,146	262,001	1,050,157
<i>Accumulated depreciation</i>					
Beginning of financial year	-	17,627	556,962	187,768	762,357
Depreciation charge	-	25,002	29,502	52,400	106,904
Disposals	-	-	(808)	-	(808)
End of financial year	-	42,629	585,656	240,168	868,453
Net book value					
End of financial year	-	82,381	77,490	21,833	181,704

COMPANY	Leasehold land and building	Leasehold improvements	Plant and equipment	Motor vehicles	Total
2013	\$	\$	\$	\$	\$
<i>Cost</i>					
Beginning of financial year	4,271,128	-	553,128	484,889	5,309,145
Additions	2,617,335	125,010	95,163	-	2,837,508
Disposals	(6,888,463)	-	-	(222,888)	(7,111,351)
End of financial year	-	125,010	648,291	262,001	1,035,302
<i>Accumulated depreciation</i>					
Beginning of financial year	-	-	526,153	295,104	821,257
Depreciation charge	-	17,627	30,809	70,974	119,410
Disposals	-	-	-	(178,310)	(178,310)
End of financial year	-	17,627	556,962	187,768	762,357
Net book value					
End of financial year	-	107,383	91,329	74,233	272,945

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

21. Property, plant and equipment (continued)

- a) During the year, the Group acquired property, plant and equipment with an aggregate cost of \$1,836,261 (2013: \$20,991,306) of which \$46,337 (2013: \$Nil) was acquired by means of finance lease arrangements.

The carrying amounts of motor vehicles held under finance leases are \$106,850 (2013: \$256,883) and \$21,833 (2013: \$74,233) respectively at the balance sheet date.

- b) On 13 March 2012, the Group has entered into a conditional sale and purchase agreement (the "Purchase Agreement") with RBC DEXIA Trust Services Singapore Limited in its capacity as trustee of Cambridge Industrial Trust ("CIT") for the proposed sale and leaseback of its Corporate Headquarters building and leasehold interest in the property known as 16 Tai Seng Street, Singapore 534138 (the "Property") together with the mechanical and electrical equipment, and fixtures and fittings located therein (the "Mechanical and Electrical Equipment") for a total consideration of \$72,333,000. Under the terms of the sale and purchase agreement, CIT agreed to purchase from the Group, the Property together with the Mechanical and Electrical Equipment, at an initial consideration of \$59,250,000 (Tranche 1). A further consideration of approximately \$13,083,000 (subject to final survey of the gross floor area for the A&A Extension) (Tranche 2) is payable by CIT to the Group upon completion of the A&A Extension (as defined in the Purchase Agreement) in accordance with the Construction Conditions for A&A Extension. Tranche 2 was completed in the financial year ended 31 December 2013.

The particular of the property is as follows:

Description	Location	Approximate site area	Tenure
<u>Leasehold land and Building</u>			
8 - storey showroom cum factory building	16 Tai Seng Street, Singapore 534138	6,513 square meters	30 years commencing 4 July 2007

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

22. Intangible assets

	GROUP AND COMPANY	
	2014	2013
	\$	\$
Club memberships, at cost	375,925	397,925
Less: Written off	(26,925)	(22,000)
Less: Disposal	(188,000)	-
	161,000	375,925
Less: Allowance for impairment	-	(26,925)
End of financial year	161,000	349,000

There is no movement in the allowance for impairment of club memberships as at 31 December 2013. For the financial year ended 31 December 2014, allowance for impairment had been written off.

23. Trade and other payables

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
Trade payables to:				
- non-related parties	21,394,684	17,454,729	58,741	27,361
- subsidiaries	-	-	-	12,787
	21,394,684	17,454,729	58,741	40,148
Other payables to:				
- non-related parties	1,008,168	1,756,650	66,091	588,940
- subsidiaries	-	-	27,548	27,548
- associated companies	-	880,000	-	880,000
- joint operations	-	-	115,000	833,750
- directors of subsidiaries	520,600	77,900	-	-
Deposits received from customers	4,269,546	4,653,872	728,229	708,579
Accrued operating expenses	7,468,383	6,489,272	3,537,645	3,459,924
	13,266,697	13,857,694	4,474,513	6,498,741
Total trade and other payables	34,661,381	31,312,423	4,533,254	6,538,889

The amounts due to subsidiaries, associated companies, joint operations and directors of subsidiaries are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

24. Borrowings

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
<i>Current</i>				
Bank loan (I)	3,750,000	-	-	-
Bank loan (III) – SAF loan (i)	-	7,875,000	-	-
Bank loan (V)	8,470,211	-	8,470,211	-
Bills payable to banks	3,925,258	2,899,335	-	-
	16,145,469	10,774,335	8,470,211	-
<i>Non-current</i>				
Bank loan (I)	-	8,925,000	-	-
Bank loan (II)	26,000,000	28,500,000	-	-
Bank loan (III) – Land loan (ii)	14,146,499	20,155,100	-	-
Bank loan (IV)	20,237,832	24,982,018	-	-
	60,384,331	82,562,118	-	-
Total bank borrowings	76,529,800	93,336,453	8,470,211	-

The exposure of the bank borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
Within 1 year	16,145,469	10,774,335	8,470,211	-
Within 2 to 5 years	60,384,331	82,562,118	-	-
	76,529,800	93,336,453	8,470,211	-

(a) Securities granted

Bank loan (I)

The bank loan (I) from bank bearing an interest rate of 1.38% over the bank's prevailing cost of funds as determined by the bank for interest periods of 1, 2, 3, 6, 9 and 12 months at the option of the Group. The loans are repayable in one lump sum on 30 June 2015 or 6 months from issuance of Temporary Occupation Permit of the development properties whichever is earlier.

The loans are secured by:

- first legal mortgages over the development properties (Note 17);
- assignment of the Company's rights, titles and interest in and to all the relevant agreements relating to the development properties including but not limited to the construction contracts, performance bonds, the contractor's all risk policy for the full amount of the construction contracts during the construction period and other insurance policies, tenancy agreements and/or sale and purchase agreements in respect of the development properties (Note 17);
- corporate guarantees from the corporate shareholder, Nobel Design Holdings Ltd and three individual shareholders in the proportion of 25:25:25:25 respectively in favour of the bank for \$78,000,000; and
- deed of subordination of shareholders/directors/related corporations loans owing by the Company to its shareholders/directors/related corporations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

24. Borrowings (continued)

(a) *Securities granted* (continued)

Bank loan (II)

The bank loan (II) from bank bearing an interest rate of 1.58% per annum above UOB Swap rate for tenors of 1, 2, 3 or 6 months at the option of the Group. The loan shall be fully repaid on 13 May 2016 or 3 years from the date of first drawdown, whichever is earlier.

The loans are secured by:

- a) new first all-monies legal mortgage over the freehold Windsor Hotel at 401, Macpherson Road, Singapore with land area 54,418 sqft and gross floor area of 156,380 sqft to be executed in favour of the Bank;
- b) new first all monies debenture (fixed and floating charge) over all assets (present and future) of the borrower;
- c) new assignments of all the borrower's rights, title, benefits and interest in connection with the main hotel retrofitting contract, main commercial retrofitting contract, performance bonds, insurance policies, tenancy agreements, sale and purchase agreements and hotel and/or property management contracts with respect to the Property;
- d) new assignments of the Operating Account and Sales Account and first legal charge over all monies standing to the credit of the Operating Account and Sales account; and
- e) new proportionate corporate and personal guarantee for total amount of \$150,000,000 to be furnished by Lian Huat Group Pte. Ltd. and Nobel Design Holdings Ltd and two individual shareholders in the proportion of 25% for each guarantor.

Bank loan (III)

- (i) Specific Advance Facility loan ("SAF" loan)

The SAF loan from a bank has interest rate at 1.75% per annum over the Swap Offer Rate as determined by Bloomberg/Reuters Screen for interest period of 1, 2, 3, 6, 9 or 12 months or such other interest periods as may be agreed by the Bank and the loan is repayable on demand.

- (ii) Land loan

The above land loan from a bank has interest rate ranging from 1.3% to 1.65% over the prevailing Swap Offer Rate as determined by Bloomberg/Reuters Screen for the interest period of 1, 2, 3 and 6 months roll-over or at such other rates as determined by the bank. The loans are repayable in one lump sum on 31 December 2014, 31 July 2016 and 31 December 2016, or 6 months from the issuance of Temporary Occupation Permit of the development properties whichever is earlier.

The above loans are secured by:

- a) first legal mortgage over the development properties (Note 17);
- b) assignment of the company's right, titles and interest in and to all the relevant agreements relating to the development properties including but not limited to the construction contracts, performance bonds, the contractor's all risk policy for the full amount of the construction contracts during the construction period and other insurance policies, tenancy agreements and/or sale and purchase agreements in respect of the development properties (Note 17); and
- c) corporate guarantees from the corporate shareholder, A.C.T. Holdings Pte Ltd, Nobel Design Holdings Ltd and an individual shareholder in the proportion of 35:35:30 respectively in favour of the bank for \$31,743,000 and \$47,300,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

24. Borrowings (continued)

(a) **Securities granted** (continued)

Bank loan (IV)

The above loan from a bank has interest rate of 1.1% per annum over and above the prevailing SIBOR Rate of 1, 2 or 3 months roll-over on daily balance or at such other rate or rates or for such other period based on 365-day year. The loan period is 48 months from the date of drawdown of land loan or 6 months from the issuance of Temporary Occupation Permit for the proposed development, whichever is earlier.

The loans are secured by:

- a) first legal mortgage and deed of assignment over the development properties (Note 17);
- b) deed of assignment of Developer's rights and benefits; and
- c) corporate guarantees from the corporate shareholder, Lian Huat Group Pte Ltd and Nobel Design Holdings Ltd and two individual shareholder in the proportion of 25:25:25:25 respectively in favour of the bank for \$89,600,000.

Bank loan (V)

The above loan from a bank has interest rate of 0.75% per annum over the bank's cost of funds and payable in arrears on the last day of the Term relating to the drawing. The Term for each drawing shall be 3 months or any other period as agreed to by the bank.

The loan is secured by:

- a) a charge on fixed deposits over all fixed deposit(s) in Singapore Dollar/other acceptable currencies placed/to be placed from time to time with the bank.

Bills payable to banks

The Group's bills payable to banks are secured by the followings:

- a) a pledge of fixed deposits of the Group amounting to about \$602,484 (2013: \$601,582) (Note 12);
- b) deed of debenture by way of fixed and floating charge over the subsidiary's present and future undertakings; and
- c) deed of assignment of credit insurance policies of a subsidiary.

Bankers guarantee (BG)

The Group's BG are unsecured except for 2 BGs which are secured by a pledge of fixed deposits of the Group amounting to about \$719,811 (2013: \$716,310) (Note 12).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

24. Borrowings (continued)

(b) Fair value of non-current borrowings

	GROUP	
	2014	2013
	\$	\$
Bank borrowings	55,747,842	73,197,267

The fair values above are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	GROUP	
	2014	2013
Bank borrowings	5.35%	5.38%

The fair values are within Level 2 of the fair values hierarchy.

25. Obligations under finance leases

The Group and the Company leases certain motor vehicles from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
Minimum lease payments due				
- Not later than one year	63,764	96,176	21,090	42,180
- Between one and five years	16,266	38,040	-	21,090
	80,030	134,216	21,090	63,270
Less: Future finance charges	(5,227)	(11,290)	(2,090)	(6,270)
Present value of finance lease liabilities	74,803	122,926	19,000	57,000

The present values of finance lease liabilities are analysed as follows:

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
Not later than one year	57,805	88,290	19,000	38,000
Later than one year				
- Between one and five years	16,998	34,636	-	19,000
Total	74,803	122,926	19,000	57,000

The fair values of the non-current finance lease liabilities approximates their carrying amounts.

The average effective interest rate for the Group and the Company is between 3.96% to 5.65% (2013: 3.81% to 6.23%) and 4.19% to 5.24% (2013: 4.19% to 5.24%) per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

26. Deferred income

	GROUP AND COMPANY	
	2014	2013
	\$	\$
Current	3,249,874	3,249,874
Non-current	7,853,860	11,103,734
Total	11,103,734	14,353,608

Movement of deferred income is as follows:

Beginning of financial year	14,353,608	15,650,340
Additions	-	1,957,701
Credited to profit and loss (Note 8)	(3,249,874)	(3,254,433)
End of financial year	11,103,734	14,353,608

In 2007, the sales and leaseback transactions for 30 Woodlands Loop and the leasehold land and existing building for 134 Joo Seng Road were completed in February 2007 and April 2007 respectively. The sale and leaseback transaction of the leasehold land and buildings extension for 134 Joo Seng Road was completed in December 2007. The amortised deferred income recognised in the profit or loss amounted to \$Nil (2013: \$167,701).

In 2012, the Company entered into a sale and leaseback transaction for the property at 16, Tai Seng Street. The property was sold at a consideration of \$59,250,000, which resulted in a gain of \$48,479,441, out of which \$17,150,000 was deferred due to the excess in sales price over the fair value of the property. The excess amount has been deferred and will be amortised in proportion to the lease payments over the lease period. The amortised deferred income recognised in the profit or loss amounted to \$2,858,333 (2013: \$2,858,333) and the balance of \$9,765,972 (2013: \$12,624,306) in the balance sheet as deferred income.

In 2013, the Company completed its Tranche 2 of the sale and leaseback transaction for the property at 16, Tai Seng Street. The consideration for Tranche 2 is \$13,657,700, which resulted in a gain of \$6,769,236 out of which \$1,957,701 was deferred due to the excess in sales price over the fair value of the property. The excess amount has been deferred and will be amortised in proportion to the lease payments over the lease period. The amortised deferred income recognised in the profit or loss amounted to \$391,541 (2013: \$228,399) and the balance of \$1,337,762 (2013: \$1,729,302) in the balance sheet as deferred income.

The fair values of the non-current deferred income approximate their carrying amounts.

27. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
Deferred income tax liabilities				
- To be settled after one year	3,535,390	2,385,487	69,200	69,200

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

27. Deferred income taxes (continued)

The movement in deferred income tax liabilities is as follows:

GROUP	At 1/1/2014	Recognised in profit or loss	Transfer to income tax	At 31/12/2014
	\$	\$	\$	\$
Deferred income tax liabilities				
Profits recognised on percentage of completion of development properties	2,291,756	2,685,613	(1,510,302)	3,467,067
Others	93,731	(18,100)	(7,308)	68,323
Total	2,385,487	2,667,513	(1,517,610)	3,535,390

	At 1/1/2013	Recognised in profit or loss	Transfer to income tax	At 31/12/2013
	\$	\$	\$	\$
Deferred income tax liabilities				
Profits recognised on percentage of completion of development properties	288,201	2,003,555	-	2,291,756
Others	93,731	-	-	93,731
Total	381,932	2,003,555	-	2,385,487

COMPANY	At 1/1/2013	Recognised in profit or loss	At 1/1/2014	Recognised in profit or loss	At 31/12/2014
	\$	\$	\$	\$	\$
Deferred income tax liabilities					
Others	69,200	-	69,200	-	69,200
Total	69,200	-	69,200	-	69,200

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of \$27,482,251 (2013: \$26,150,218) and capital allowances of \$78,376 (2013: \$35,537) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry date.

28. Share capital

	GROUP AND COMPANY	
	No. of ordinary shares	Share capital
		\$
2014		
Beginning of financial year	190,481,700	27,309,824
Shares issued pursuant to the share option scheme and warrants	19,049,986	5,149,632
End of financial year	209,531,686	32,459,456
2013		
Beginning of financial year	174,455,000	23,272,513
Shares issued pursuant to the share option scheme and warrants	16,026,700	4,037,311
End of financial year	190,481,700	27,309,824

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

28. Share capital (continued)

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

During the financial year 2014;

- (i) 2,310,000 share options were exercised and issued at \$0.2061 each;
- (ii) 932,000 share options were exercised and issued at \$0.3120 each; and
- (iii) 15,807,986 warrants were exercised and issued at \$0.2300 each.

During the financial year 2013;

- (i) 904,000 share options were exercised and issued at \$0.2061 each;
- (ii) 240,000 share options were exercised and issued at \$0.0875 each;
- (iii) 75,000 share options were exercised and issued at \$0.0778 each; and
- (iv) 14,807,700 warrants were exercised and issued at \$0.2300 each.

The newly issued shares rank *pari passu* in all respects with the previously issued shares.

29. Other reserves

(a) Composition:

	<u>GROUP</u>		<u>COMPANY</u>	
	2014	2013	2014	2013
	\$	\$	\$	\$
Employee share option reserve	1,656,152	1,590,588	1,656,152	1,590,588
Fair value reserve	-	(8,405)	-	(8,405)
Currency translation reserve	(219,665)	(679,833)	-	-
Warrant issue reserve	-	255,435	-	255,435
	<u>1,436,487</u>	<u>1,157,785</u>	<u>1,656,152</u>	<u>1,837,618</u>

(b) Movements:

	<u>GROUP</u>		<u>COMPANY</u>	
	2014	2013	2014	2013
	\$	\$	\$	\$
<i>i. Employee share option reserve</i>				
Beginning of financial year	1,590,588	967,539	1,590,588	967,539
Employee share option scheme				
- Value of employee services (Note 6)	557,049	806,561	557,049	806,561
- Share options exercised	(491,485)	(183,512)	(491,485)	(183,512)
End of financial year	<u>1,656,152</u>	<u>1,590,588</u>	<u>1,656,152</u>	<u>1,590,588</u>

The Nobel Employee Share Option Scheme (the "Scheme") was approved by the shareholders at an Extraordinary General Meeting (EGM) held on 20 February 2008. The number of shares available for the grant of options is 6,187,500 being the total number of new shares available for the controlling shareholders under the Scheme as at the date of EGM.

Under the Scheme, executive and non-executive directors and employees of the Company and its subsidiaries (including controlling shareholders and their associates, as defined in the SGX-ST Listing Manual) are eligible to participate in the Scheme as administered by the Remuneration Committee.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

29. Other reserves (continued)

(b) Movements: (continued)

i. Employee share option reserve (continued)

Movements in the number of share options granted to controlling shareholders and directors and employees of the Company under the Scheme as at 31 December 2014, are as follows:

	<u>Number of shares</u>	
	2014	2013
Beginning of financial year	16,608,773	14,032,344
Share option exercised during the financial year	(3,242,000)	(1,219,000)
Share option forfeited and lapsed during the financial year	(119,057)	(142,571)
Share option granted during the financial year	-	3,938,000
End of financial year	13,247,716	16,608,773

During the financial year, 3,242,000 share options were exercised by employees.

The share options granted on 5 March 2008, 8 December 2010, 29 March 2012 and 9 January 2013 are exercisable in 3 tranches as follows:

- (i) up to 40% of the New Shares available in respect of the Discount Option between the second anniversary and the third anniversary of the Date of Grant;
- (ii) up to 70% of the New Shares available in respect of the Discount Option between the third anniversary and the fourth anniversary of the Date of Grant; and
- (iii) up to 100% of the New Shares available in respect of the Discount Option between the fourth anniversary and the fifth anniversary of the Date of Grant.

The share options granted on 25 May 2009 and 27 July 2009 are exercisable in 4 tranches as follows:

- (i) up to 25% of the New Shares available in respect of the Market Price Option between the first anniversary and the second anniversary of the Date of Grant;
- (ii) up to 50% of the New Shares available in respect of the Market Price Option between the second anniversary and the third anniversary of the Date of Grant;
- (iii) up to 75% of the New Shares available in respect of the Market Price Option between the third anniversary and the fourth anniversary of the Date of Grant; and
- (iv) up to 100% of the New Shares available in respect of the Market Price Option between the fourth anniversary and the fifth anniversary of the Date of Grant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

29. Other reserves (continued)

(b) Movements: (continued)

i. Employee share option reserve (continued)

The details of the options granted under the scheme to the controlling shareholders and directors of the Company as at 31 December 2014 are as follows:

Name of directors		Date of grant of option	Exercise price	Options granted and accepted	Options adjustment	Total	Options exercised	Lapsed	Options balance
Choong Chee Peng Bert	(a)	5-Mar-08	\$0.1011 *	2,062,500	30,357	2,092,857	(2,092,000)	(857)	-
Wee Ai Quey	(a)	5-Mar-08	\$0.1011 *	2,062,500	30,357	2,092,857	(2,092,000)	(857)	-
	(a)	8-Dec-10	\$0.2061 *	1,050,000	30,000	1,080,000	(700,000)	-	380,000
	(a)	29-Mar-12	\$0.3120 *	1,634,000	-	1,634,000	-	-	1,634,000
	(a)	9-Jan-13	\$0.4000 *	723,000	-	723,000	-	-	723,000
Goon Eu Jin Terence	(a)	5-Mar-08	\$0.1011 *	2,062,500	30,357	2,092,857	(2,092,000)	(857)	-
	(a)	8-Dec-10	\$0.2061 *	1,300,000	37,143	1,337,143	(880,000)	-	457,143
	(a)	29-Mar-12	\$0.3120 *	2,023,000	-	2,023,000	-	-	2,023,000
	(a)	9-Jan-13	\$0.4000 *	900,000	-	900,000	-	-	900,000
Ong Ciu Hwa	(b)	25-May-09	\$0.0875 ^	100,000	2,143	102,143	(102,000)	(143)	-
	(a)	8-Dec-10	\$0.2061 *	980,000	28,000	1,008,000	(705,000)	-	303,000
	(a)	29-Mar-12	\$0.3120 *	1,525,000	-	1,525,000	-	-	1,525,000
	(a)	9-Jan-13	\$0.4000 *	680,000	-	680,000	-	-	680,000
Dr. Teh Ban Lian	(b)	25-May-09	\$0.0875 ^	100,000	2,143	102,143	(102,000)	(143)	-
	(a)	8-Dec-10	\$0.2061 *	180,000	5,143	185,143	(127,000)	-	58,143
	(a)	29-Mar-12	\$0.3120 *	300,000	-	300,000	(120,000)	-	180,000
	(a)	9-Jan-13	\$0.4000 *	120,000	-	120,000	-	-	120,000
Heng Chye Yam	(b)	25-May-09	\$0.0875 ^	100,000	2,143	102,143	(102,000)	(143)	-
	(a)	8-Dec-10	\$0.2061 *	150,000	4,286	154,286	(106,000)	-	48,286
	(a)	29-Mar-12	\$0.3120 *	250,000	-	250,000	(100,000)	-	150,000
	(a)	9-Jan-13	\$0.4000 *	100,000	-	100,000	-	-	100,000
Wong Soon Chiu	(b)	25-May-09	\$0.0875 ^	100,000	2,857	102,857	(102,000)	(857)	-
	(a)	8-Dec-10	\$0.2061 *	150,000	4,286	154,286	(107,000)	-	47,286
	(a)	29-Mar-12	\$0.3120 *	250,000	-	250,000	(100,000)	-	150,000
	(a)	9-Jan-13	\$0.4000 *	100,000	-	100,000	-	-	100,000
Chan Kum Leong	(a)	9-Jan-13	\$0.4000 *	75,000	-	75,000	-	-	75,000

* The option was granted at a discount of 20% off market price of \$0.130, \$0.265, \$0.390 and \$0.500 respectively on the date of grant, which was then determined by reference to the daily official list published by SGX-ST for a period of 3 consecutive Market Days immediately prior to the relevant date of grant of the option. The option price for option granted on 5 March 2008 and 8 December 2010 was adjusted to \$0.1011 and \$0.2061 as a result of warrant issue.

^ The option was granted at market price of \$0.09 on the date of grant, which was then determined by reference to the daily official list published by SGX-ST for a period of 3 consecutive Market Days immediately prior to the relevant date of grant of the option. The option price was adjusted to \$0.0875 as a result of warrant issue.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

29. Other reserves (continued)

(b) Movements: (continued)

i. Employee share option reserve (continued)

The fair value of the share options was estimated as of the grant date using the Black Scholes pricing model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used to value the share options on the following grant dates:

Date of grant	Weighted average share price (\$)	Weighted average exercise price (\$)	Weighted average exercise price (adjusted) (\$)	Estimated volatility	Expected life (years)	Risk-free rate (%)	Expected dividend yield
05.03.2008*	0.130	0.104	0.1011	64%	5	1.41%	0%
25.05.2009	0.090	0.090	0.0875	54%	5	1.20%	0%
27.07.2009	0.080	0.080	0.0778	94%	5	1.20%	0%
08.12.2010*	0.265	0.212	0.2061	70%	5	1.20%	0%
29.03.2012*	0.390	0.312	-	28%	5	3.00%	1.89%
09.01.2013*	0.500	0.400	-	18%	5	0.30%	0.88%

* The option was granted at a discount of 20% off market price on the average exercise price.

The share price and exercise price at date of grant are based on volume-weighted share price for 3 consecutive trading days prior to the grant date. The expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 12 months. The risk-free interest rate is based on the 5 years zero-coupon Singapore Government bond yields on the date of grant.

No other features of options grant were incorporated into the measurement of the fair value of the options.

The fair value of the options granted on 5 March 2008, 25 May 2009, 27 July 2009, 8 December 2010, 29 March 2012 and 9 January 2013 determined using the Black Scholes pricing model was \$479,393, \$32,040, \$6,302, \$814,317, \$1,117,643 and \$668,869 respectively. The expense recognised during the year taken into the employee share option reserve amounted to \$557,049 (2013: \$806,561) (Note 29(b)(i)).

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
ii. Fair value reserve				
Beginning of financial year	(8,405)	(7,150)	(8,405)	(7,150)
Available-for-sale financial assets				
- Fair value gains/(losses) (Note 13)	8,405	(1,255)	8,405	(1,255)
End of financial year	-	(8,405)	-	(8,405)
iii. Currency translation reserve				
Beginning of financial year	(679,833)	(967,647)	-	-
Net currency translation differences of financial statements of foreign subsidiaries	627,523	388,707	-	-
Less: Non-controlling interests	(167,355)	(100,893)	-	-
End of financial year	(219,665)	(679,833)	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

29. Other reserves (continued)

(b) Movements: (continued)

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
<i>iv. Warrant issue reserve</i>				
Beginning of financial year	255,435	490,316	255,435	490,316
Transfer to share capital	(255,435)	(234,881)	(255,435)	(234,881)
End of financial year	-	255,435	-	255,435

During the financial year, 15,807,986 (2013: 14,807,700) ordinary shares of the Company were issued for cash at \$0.23 each pursuant to the exercise of the warrants by warrant holders.

30. Retained earnings

- (a) Retained earnings of the Group are distributable except for accumulated retained profits of associated companies amounting to \$Nil (2013: \$942,112). Retained earnings of the Company are distributable.
- (b) Movement in retained earnings for the Company is as follows:

	COMPANY	
	2014	2013
	\$	\$
Beginning of financial year	45,324,963	38,605,133
Net profit	4,174,864	8,025,966
Dividends paid (Note 31)	(1,158,899)	(1,306,136)
End of financial year	48,340,928	45,324,963

31. Dividends

	COMPANY	
	2014	2013
	\$	\$
<i>Ordinary dividends paid</i>		
Final dividend paid in respect of the previous financial year of 0.6 cents (2013: 0.7 cents) per share	1,158,899	1,306,136
Proposed but not recognised as a liability as at 31 December:		
First and final dividend of 0.65 cents (2013: 0.6 cents) per ordinary share	1,361,956	1,142,890

Proposed dividend per ordinary share is based on 209,531,686 and 190,481,700 ordinary shares as at 31 December 2014 and 2013 respectively. The proposed dividend will be recommended during the Annual General Meeting and are subject to shareholders' approval. The financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

32. Contingencies

	COMPANY	
	2014	2013
	\$	\$
Corporate guarantees	97,252,550	159,483,800

The Company has given corporate guarantees to certain banks and financial institutions for credit facilities granted to the subsidiaries, associated companies and joint operations. The Company has evaluated the fair value of the corporate guarantees and is of the view that the consequential benefit derived from its guarantees to the banks and financial institutions with regard to the subsidiaries, associated companies and joint operations is minimal. The subsidiaries, associated companies and joint operations for which the guarantees were provided are in favourable equity positions and are profitable.

The Company was not required to fulfil any guarantee on the basis of default by the borrowers at the balance sheet date.

The details of the corporate guarantees are disclosed in Note 24.

33. Commitments

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	GROUP	
	2014	2013
	\$	\$
Development properties:		
- Construction cost	24,451,480	22,240,718

(b) Operating lease commitments - where the Group is a lessee

The Group and Company lease warehouses, showrooms, land and office space from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
Not later than one year	8,700,056	7,929,461	6,099,759	5,968,534
Between one and five years	19,885,910	24,165,076	15,261,799	21,385,737
	28,585,966	32,094,537	21,361,558	27,354,271

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

33. Commitments (continued)

- (b) Operating lease commitments - where the Group is a lessee (continued)

The operating leases relate to premises leased by the Group are as follows:

Description	Leased rates per month \$	Total approximate lease area Square meters	Lease expiry date Year
GROUP			
Showrooms	26,000 – 60,200	1,887	2015 – 2017
Warehouses	2,000 – 38,200	11,059	2015 – 2020
Office	300 – 3,700	1,122	2015 – 2020
Land	44,700	6,513	2018
Rental of building	457,000	20,036	2018
COMPANY			
Land	44,700	6,513	2018
Rental of building	457,000	20,036	2018

The operating lease expenses incurred by the Group and Company for rental of premises were about \$9,452,744 (2013: \$9,090,979) and \$5,972,523 (2013: \$5,835,897) respectively.

- (c) Operating lease commitments - where the Group is a lessor

The Group and Company lease out office space to non-related parties under non-cancellable operating leases.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	GROUP AND COMPANY	
	2014 \$	2013 \$
Not later than one year	3,728,753	2,773,525
Between one and five years	1,716,304	2,441,525
	5,445,057	5,215,050

34. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

34. Financial risk management (continued)

(a) Market risk

(i) Currency risk

The Group operates in Asia Pacific with dominant operations in Singapore, Malaysia, Brunei Darussalam and United States of America. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Singapore Dollar ("SGD"), United States Dollar ("USD"), Malaysian Ringgit ("MYR"), Euro ("EUR") and British Pound ("GBP"). The currency risk is mitigated to certain extent by the natural hedge between sales receipts and purchases, and operating expenses disbursement.

The Group's currency exposure based on the information provided to key management is as follows:

GROUP	SGD \$	USD \$	MYR \$	EUR \$	GBP \$	Others \$	Total \$
At 31 December 2014							
Financial assets							
Cash and cash equivalents	109,222,421	426,459	419,281	-	611,734	-	110,679,895
Trade and other receivables	22,273,950	5,973,883	588,219	51,652	11,234,048	2,192	40,123,944
Available-for-sale financial assets	23,979	-	-	-	-	-	23,979
	131,520,350	6,400,342	1,007,500	51,652	11,845,782	2,192	150,827,818
Financial liabilities							
Trade and other payables	(29,629,646)	(4,079,941)	(529,705)	(386,021)	-	(36,068)	(34,661,381)
Bank borrowings*	(68,094,226)	(40,166)	-	-	(8,470,211)	-	(76,604,603)
	(97,723,872)	(4,120,107)	(529,705)	(386,021)	(8,470,211)	(36,068)	(111,265,984)
Net financial assets/(liabilities)	33,796,478	2,280,235	477,795	(334,369)	3,375,571	(33,876)	39,561,834
Less: Net non-financial assets of foreign subsidiaries	(36,494,373)	(3,101,975)	(466,752)	-	(3,217,543)	-	(43,280,643)
Currency exposure	(2,697,895)	(821,740)	11,043	(334,369)	158,028	(33,876)	(3,718,809)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

34. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

GROUP	SGD	USD	MYR	EUR	Others	Total
	\$	\$	\$	\$	\$	\$
At 31 December 2013						
Financial assets						
Cash and cash equivalents	99,922,256	469,146	271,156	-	-	100,662,558
Trade and other receivables	16,271,282	4,577,543	529,102	87,340	-	21,465,267
Available-for-sale financial assets	521,421	-	-	-	-	521,421
	<u>116,714,959</u>	<u>5,046,689</u>	<u>800,258</u>	<u>87,340</u>	<u>-</u>	<u>122,649,246</u>
Financial liabilities						
Trade and other payables	(27,284,130)	(2,756,845)	(432,597)	(810,227)	(28,624)	(31,312,423)
Bank borrowings*	(93,459,379)	-	-	-	-	(93,459,379)
	<u>(120,743,509)</u>	<u>(2,756,845)</u>	<u>(432,597)</u>	<u>(810,227)</u>	<u>(28,624)</u>	<u>(124,771,802)</u>
Net financial (liabilities)/assets	(4,028,550)	2,289,844	367,661	(722,887)	(28,624)	(2,122,556)
Less: Net non-financial liabilities/(assets) of foreign subsidiaries	4,571,045	(2,316,620)	(356,356)	-	-	1,898,069
Currency exposure	<u>542,495</u>	<u>(26,776)</u>	<u>11,305</u>	<u>(722,887)</u>	<u>(28,624)</u>	<u>(224,487)</u>

* Bank borrowings include obligations under finance leases.

The Group is not exposed to significant currency risk on its receivables from/payable to subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

34. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

COMPANY	2014				2013		
	SGD	MYR	GBP	Total	SGD	MYR	Total
	\$	\$	\$	\$	\$	\$	\$
Financial assets							
Cash and cash equivalents	76,167,061	10,769	611,734	76,789,564	69,266,270	11,305	69,277,575
Trade and other receivables	16,632,047	-	8,006,826	24,638,873	19,416,344	-	19,416,344
Available-for-sale financial assets	23,979	-	-	23,979	521,421	-	521,421
	92,823,087	10,769	8,618,560	101,452,416	89,204,035	11,305	89,215,340
Financial liabilities							
Trade and other payables	(4,533,254)	-	-	(4,533,254)	(6,538,889)	-	(6,538,889)
Bank borrowings*	(19,000)	-	(8,470,211)	(8,489,211)	(57,000)	-	(57,000)
	(4,552,254)	-	(8,470,211)	(13,022,465)	(6,595,889)	-	(6,595,889)
Net financial assets	88,270,833	10,769	148,349	88,429,951	82,608,146	11,305	82,619,451
Less: Net non-financial assets for foreign subsidiaries	(88,270,833)	-	-	(88,270,833)	(82,608,146)	-	(82,608,146)
Currency exposure	-	10,769	148,349	159,118	-	11,305	11,305

* Bank borrowings include obligations under finance leases.

If the USD, MYR, EUR and GBP change against the SGD by 4% (2013: 4%), 2% (2013: 3%), 7% (2013: 8%) and 1% (2013: 5%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial assets/(liabilities) position will be as follows:

	Increase/(Decrease)			
	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
USD against SGD				
- strengthened	(27,282)	(889)	-	-
- weakened	27,282	889	-	-
MYR against SGD				
- strengthened	183	281	179	281
- weakened	(183)	(281)	(179)	(281)
EUR against SGD				
- strengthened	(19,427)	(48,000)	-	-
- weakened	19,427	48,000	-	-
GBP against SGD				
- strengthened	1,312	-	1,231	-
- weakened	(1,312)	-	(1,231)	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

34. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk

The Group is exposed to equity securities price risk arising from the investments held by the Group which are classified on the consolidated balance sheet as available-for-sale.

These securities are listed in Singapore. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

If prices for equity securities listed in Singapore had changed by 10% (2013: 10%) with all other variables including tax rate being held constant, the effects on profit after tax and other comprehensive income would have been:

← 2014 →		← 2013 →	
Profit After Tax	Other comprehensive income	Profit After Tax	Other comprehensive income
\$	\$	\$	\$

GROUP AND COMPANY

Listed in Singapore

- increased by	1,990	-	1,749	-
- decreased by	(1,990)	-	(1,749)	-

(iii) Interest rate risk

Interest rate risk is the risk that changes in interest rates will have an adverse financial effect on the Group's financial conditions and/or results. The primary source of the Group's interest rate risk is its borrowings from financial institutions in Singapore. The Group's policy is to manage its interest cost using a combination of fixed and variable interest rate borrowings, where applicable.

The Group has adequate credit facilities to ensure necessary liquidity as shown in the consolidated balance sheets.

The Group has cash balances placed with reputable banks. The Group manages its interest rate risks on its interest income by placing the cash balances in varying maturities and interest rate terms.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

34. Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

The Group's and the Company's interest-bearing financial assets and liabilities are mainly bank and cash balances, financial assets and bank borrowings (all variable) as set out in the table below.

	Interest bearing		Non-interest bearing	Total
	Fixed	Variable		
	\$	\$	\$	\$
GROUP				
At 31 December 2014				
Assets				
Cash and cash equivalents	86,716,282	4,888,140	19,075,473	110,679,895
Available-for-sale financial assets	-	-	23,979	23,979
Other receivables	-	-	13,942,814	13,942,814
	<u>86,716,282</u>	<u>4,888,140</u>	<u>33,042,266</u>	<u>124,646,688</u>
Liabilities				
Bank borrowings*	<u>74,803</u>	<u>76,529,800</u>	<u>-</u>	<u>76,604,603</u>
At 31 December 2013				
Assets				
Cash and cash equivalents	81,634,740	-	19,027,818	100,662,558
Available-for-sale financial assets	500,345	-	21,076	521,421
Other receivables	-	-	6,606,845	6,606,845
	<u>82,135,085</u>	<u>-</u>	<u>25,655,739</u>	<u>107,790,824</u>
Liabilities				
Bank borrowings*	<u>3,022,261</u>	<u>90,437,118</u>	<u>-</u>	<u>93,459,379</u>
COMPANY				
At 31 December 2014				
Assets				
Cash and cash equivalents	73,944,650	1,505,277	1,339,637	76,789,564
Available-for-sale financial assets	-	-	23,979	23,979
Other receivables	-	-	24,641,873	24,641,873
	<u>73,944,650</u>	<u>1,505,277</u>	<u>26,005,489</u>	<u>101,455,416</u>
Liabilities				
Bank borrowings*	<u>19,000</u>	<u>8,470,211</u>	<u>-</u>	<u>8,489,211</u>
At 31 December 2013				
Assets				
Cash and cash equivalents	68,653,015	-	624,560	69,277,575
Available-for-sale financial assets	500,345	-	21,076	521,421
Other receivables	-	-	19,339,313	19,339,313
	<u>69,153,360</u>	<u>-</u>	<u>19,984,949</u>	<u>89,138,309</u>
Liabilities				
Bank borrowings*	<u>57,000</u>	<u>-</u>	<u>-</u>	<u>57,000</u>

* Bank borrowings include obligations under finance leases.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

34. Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

The Group's bank borrowings are at variable rates. No hedges have been entered into as the loans are denominated mainly in SGD and there are natural hedges as the Group's collections are mainly in SGD. If the SGD interest rates increase/decrease by 0.5% (2013: 0.5%) with all other variables including tax rate being held constant, the Group's net profit will be lower/higher by \$317,599 (2013: \$375,314) as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group manages such risks by dealing with a diversity of credit-worthy counterparties to mitigate any significant concentration of credit risk. Credit policy includes assessing and evaluation of existing and new customers' credit reliability and monitoring of receivable collections. The Group places its cash and cash equivalents with creditworthy institutions.

The maximum exposure to credit risk in the event that the counterparties fail to perform the obligations as at the end of the financial year in relation to each class of financial assets is the carrying amount of these assets in the consolidated balance sheets.

The trade receivables of the Group comprise 3 debtors (2013: 3 debtors) that individually represented 4% - 7% (2013: 10% - 16%) trade receivables.

The credit risk for trade receivables by geographical area based on the information provided by key management is as follows:

	<u>GROUP</u>		<u>COMPANY</u>	
	2014 \$	2013 \$	2014 \$	2013 \$
Singapore	20,382,537	10,883,065	-	77,040
United States of America	5,914,894	4,399,170	-	-
Malaysia and Brunei	724,176	805,892	-	-
	<u>27,021,607</u>	<u>16,088,127</u>	<u>-</u>	<u>77,040</u>

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

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

34. Financial risk management (continued)

(b) Credit risk (continued)

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

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

The age analysis of trade receivables past due but not impaired is as follows:

	<u>GROUP</u>		<u>COMPANY</u>	
	2014	2013	2014	2013
	\$	\$	\$	\$
Past due < 3 months	264,961	130,517	-	-
Past due 3 to 6 months	157,016	285,061	-	-
	<u>421,977</u>	<u>415,578</u>	<u>-</u>	<u>-</u>

The carrying amounts of trade and other receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	<u>GROUP</u>		<u>COMPANY</u>	
	2014	2013	2014	2013
	\$	\$	\$	\$
Trade receivables				
Gross amount	1,043,907	1,042,811	1,447,118	1,109,263
Less: Allowance for impairment	(1,043,907)	(1,042,811)	(1,447,118)	(1,109,263)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	<u>GROUP</u>		<u>COMPANY</u>	
	2014	2013	2014	2013
	\$	\$	\$	\$
Other receivables				
Gross amount	156,072	101,146	2,158,772	2,392,844
Less: Allowance for impairment	(156,072)	(101,146)	(2,158,772)	(2,392,844)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

34. Financial risk management (continued)

(b) Credit risk (continued)

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

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
Trade receivables				
Beginning of financial year	1,042,811	943,167	1,109,263	697,495
Currency translation difference	11,761	57,723	-	-
Allowance made	154,596	175,614	347,648	440,935
Allowance recovered, utilised and written off	(165,261)	(110,036)	(9,793)	(5,510)
Reclassified to other receivables	-	(23,657)	-	(23,657)
End of financial year	1,043,907	1,042,811	1,447,118	1,109,263
Other receivables				
Beginning of financial year	101,146	5,419	2,392,844	2,106,676
Currency translation difference	1,465	-	-	-
Allowance made	57,561	77,333	1,302	309,767
Allowance written off and recovered	(4,100)	(5,263)	(235,374)	(47,256)
Reclassified from trade receivables	-	23,657	-	23,657
End of financial year	156,072	101,146	2,158,772	2,392,844

Trade receivables that are individually determined to be impaired at the end of the reporting period relates to trade receivables that are more than 90 days and irrecoverable. Other receivables are individually determined for impairment when indicators exist. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

34. Financial risk management (continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions at a short notice. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and bank deposits as disclosed in Note 12.

Management monitors rolling forecasts of the liquidity reserve and cash and cash equivalents (Note 12) of the Group and the Company on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Carrying amounts	Contractual cash flows	Cash flow Within 1 year	Within 1 to 5 years
	\$	\$	\$	\$

GROUP

At 31 December 2014

Trade and other payables	34,661,381	34,661,381	34,661,381	-
Bank borrowings	76,529,800	78,432,013	16,145,469	62,286,544
Obligations under finance lease	74,803	80,030	63,764	16,266
	111,265,984	113,173,424	50,870,614	62,302,810

At 31 December 2013

Trade and other payables	31,312,423	31,312,423	31,312,423	-
Bank borrowings	93,336,453	97,488,800	10,774,335	86,714,465
Obligations under finance lease	122,926	134,216	96,176	38,040
	124,771,802	128,935,439	42,182,934	86,752,505

COMPANY

At 31 December 2014

Trade and other payables	4,533,254	4,533,254	4,533,254	-
Bank borrowings	8,470,211	8,470,211	8,470,211	-
Obligations under finance lease	19,000	21,090	21,090	-
Financial guarantee contracts	97,252,550	97,252,550	97,252,550	-
	110,275,015	110,277,105	110,277,105	-

At 31 December 2013

Trade and other payables	6,538,889	6,538,889	6,538,889	-
Obligations under finance lease	57,000	63,270	42,180	21,090
Financial guarantee contracts	159,483,800	159,483,800	159,483,800	-
	166,079,689	166,085,959	166,064,869	21,090

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

34. Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurating with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Management monitors capital based on gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	GROUP	
	2014	2013
	\$	\$
Net debt	586,089	24,109,244
Total equity	128,396,674	101,847,928
Total capital	128,982,763	125,957,172
Gearing ratio	0.5%	19.1%

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

(e) Fair value measurements

The following table presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

34. Financial risk management (continued)

(e) Fair value measurements (continued)

The following table presents the assets and liabilities measured at fair value:

	Level 1	Level 2	Level 3
	\$	\$	\$
GROUP AND COMPANY			
2014			
Assets			
Available-for-sale financial assets			
- Equity securities	23,979	-	-
Total assets	23,979	-	-
2013			
Assets			
Available-for-sale financial assets			
- Equity securities	21,076	-	-
- Debt investments	500,345	-	-
Total assets	521,421	-	-

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group and Company is the current bid price. These instruments are included in Level 1.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amounts of current borrowings approximates their fair values.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet, except for the following:

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
Loans and receivables	150,803,839	122,127,825	101,428,437	88,693,919
Financial liabilities at amortised cost	111,265,984	124,771,802	13,022,465	6,595,889

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

35. Related party transactions

Related parties comprise mainly of companies which are controlled or significantly influenced by the Company's key management personnel and their close family members. The inter-company balances are unsecured, interest-free, unless stated otherwise, and subject to the normal credit terms of the respective parties and are repayable on demand.

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

	GROUP	
	2014	2013
	\$	\$
Dividend received from associated companies	396,000	560,000

Key management personnel compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling activities of the Company. The directors and executive officers of the Group are considered as key management personnel of the Group.

Key management's remuneration includes salary, bonus, commission and other emoluments computed based on the cost incurred by the Group and the Company and where the Group and the Company did not incur any costs, the value of the benefit is included. The key management's remuneration is as follows:

	GROUP		COMPANY	
	2014	2013	2014	2013
	\$	\$	\$	\$
Wages and salaries	6,321,365	4,399,506	3,251,856	2,256,500
Employer's contribution to defined contribution plans	95,366	94,298	27,200	27,200
Staff allowances	42,600	42,600	-	-
Employee share option expense	361,506	610,527	209,537	333,016
	6,820,837	5,146,931	3,488,593	2,616,716

36. Segment information

Management has determined the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions, allocate resources, and assess performance.

The executive directors consider the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the primary geographic areas: Singapore, Malaysia, Brunei Darussalam ("Brunei"), the United States of America ("USA") and United Kingdom. From a business segment perspective, management separately considers the manufacture, sales and construction activities in these geographic areas.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

36. Segment information (continued)

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2014 are as follows:

GROUP	Singapore			Malaysia & Brunei		USA	
	Interior and residential projects	Furniture retail	Development properties	Hotel Division	HQ and other investing activities	Interior and residential projects	Supply chain
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2014							
Sales							
Total segment sales	15,021	23,252	69,505	-	-	2,392	37,697
Less: Inter-segment sales	(26)	(635)	-	-	-	-	-
Sales to external parties	14,995	22,617	69,505	-	-	2,392	37,697
							147,206
Adjusted EBITDA	3,142	186	22,523	148	(1,497)	205	1,896
Depreciation	72	293	-	86	107	8	62
Share of profit of associated companies	-	-	38	-	-	-	-
							38
Total assets	6,577	15,346	114,574	18,078	85,052	2,345	19,081
							261,053
Total assets includes:							
Additions to property, plant and equipment	21	314	-	1,062	16	-	423
Available-for-sale financial assets	-	-	-	-	24	-	-
Intangible assets	-	-	-	-	161	-	-
							161
Total liabilities	5,468	8,915	69,602	14,812	24,663	1,436	7,760
							132,656

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

36. Segment information (continued)

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2013 are as follows:

	Singapore			Malaysia & Brunei		USA		
GROUP	Interior and residential projects	Furniture retail	Development properties	Hotel Division	HQ and other investing activities	Interior and residential projects	Supply chain	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2013								
Sales								
Total segment sales	12,935	23,148	40,924	-	-	3,113	29,930	110,050
Less: Inter-segment sales	(11)	(721)	-	-	-	-	-	(732)
Sales to external parties	12,924	22,427	40,924	-	-	3,113	29,930	109,318
Adjusted EBITDA	3,625	1,039	11,452	280	3,471	273	2,448	22,588
Depreciation	70	277	-	50	119	7	36	559
Share of profit of associated companies	-	-	97	-	-	-	-	97
Total assets	8,421	15,345	117,668	17,122	72,502	1,862	15,404	248,324
Total assets includes:								
Investment in associated companies	-	-	-	-	1,170	-	-	1,170
Additions to property, plant and equipment	223	707	-	17,151	2,838	-	73	20,992
Available-for-sale financial assets	-	-	-	-	521	-	-	521
Intangible assets	-	-	-	-	349	-	-	349
Total liabilities	4,855	9,426	94,285	11,439	19,876	1,116	5,479	146,476

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

36. Segment information (continued)

The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the statement of comprehensive income.

The executive directors assess the performance of the operating segments based on a measure of Earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA") for continuing operations. This measurement basis excludes the effects of expenditure from the operating segments such as restructuring costs and impairment loss that are not expected to recur regularly in every period which are separately analysed. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the executive directors, which manages the cash position of the Group.

(a) Reconciliations

(i) Segment profits

A reconciliation of adjusted EBITDA to profit before tax and discontinued operations is as follows:

	GROUP	
	2014	2013
	\$'000	\$'000
Adjusted EBITDA for reportable segments	26,603	22,588
Depreciation	(628)	(559)
Finance expenses	(573)	(340)
Interest income	1,586	1,128
Profit before income tax	26,988	22,817

(ii) Segment assets

The amounts reported to the executive directors with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the executive directors monitor the property, plant and equipment, intangible assets, inventories, receivables and operating cash attributable to each segment. All assets are allocated to reportable segments other than deferred income tax assets, bank deposits, and available-for-sale financial assets.

	GROUP	
	2014	2013
	\$'000	\$'000
Segment assets for reportable segments	261,053	248,324

(iii) Segment liabilities

The amounts provided to the executive directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than income tax liabilities, bank borrowings and derivative financial instruments.

	GROUP	
	2014	2013
	\$'000	\$'000
Segment liabilities for reportable segments	132,656	146,476

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

36. Segment information (continued)

(b) Revenue from major products and services

Revenue from external customers are derived mainly from interior design and renovation projects, retailing of furniture and accessories, supply chain and development properties. Breakdown of the revenue is as follows:

	GROUP	
	2014 \$'000	2013 \$'000
Interior design and residential projects	17,387	16,037
Furniture retail	22,617	22,427
Supply chain	37,697	29,930
Development properties	69,505	40,924
	147,206	109,318

(c) Geographical information

The Group's four business segments operate in four main geographical areas:

Singapore – the company is headquartered and has operations in Singapore. The operations in this area are principally the interior design and residential projects, furniture retail, and sale of development properties.

Malaysia and Brunei – the operations in this area are principally furniture retailing, interior design and residential projects.

United States of America – the operations in this area are principally supply chain management.

United Kingdom – the operations in this area are principally investment holdings.

	GROUP	
	2014 \$'000	2013 \$'000
Revenue		
Singapore	107,118	76,275
United States of America	37,696	29,930
Malaysia and Brunei	2,392	3,113
	147,206	109,318

	GROUP	
	2014 \$'000	2013 \$'000
Non-current assets		
Singapore	19,934	20,283
United States of America	479	116
Malaysia and Brunei	17	28
	20,430	20,427

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

37. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2015 or later periods and which the Group has not early adopted:

- Amendments to FRS 19: Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014)
- Amendment to FRS 102: Share-based payment (effective for annual periods beginning on or after 1 July 2014)
- Amendments to FRS 103: Business Combinations (effective for annual periods beginning on or after 1 July 2014)
- Amendments to FRS 108: Operating Segments (effective for annual periods beginning on or after 1 July 2014)
- Amendment to FRS 16: Property, Plant and Equipment (effective for annual periods beginning on or after 1 July 2014)
- Amendment to FRS 24: Related Party Disclosures (effective for annual periods beginning on or after 1 July 2014)
- Amendment to FRS 38: Intangible Assets (effective for annual periods beginning on or after 1 July 2014)
- Amendments to FRS 113: Fair Value Measurement (effective for annual periods beginning on or after 1 July 2014)
- Amendment to FRS 40: Investment Property (effective for annual periods beginning on or after 1 July 2014)
- FRS 114: Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 1: Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 27: Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 105: Non-current Assets Held for Sale and Discontinued Operations (effective for annual periods beginning on or after 1 January 2016)
- Amendments to FRS 107: Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2016)
- Amendment to FRS 19: Employee Benefits (effective for annual periods beginning on or after 1 January 2016)
- Amendment to FRS 34: Interim Financial Reporting (effective for annual periods beginning on or after 1 January 2016)
- FRS 115: Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017)
- FRS 109: Financial Instruments (effective for annual periods beginning on or after 1 January 2018)

The management anticipates that the adoption of the above FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

38. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Nobel Design Holdings Ltd on 31 March 2015.

STATISTICS OF SHAREHOLDINGS

As at 18 March 2015

DISTRIBUTION OF SHAREHOLDINGS

Issued and fully paid-up shares excluding treasury shares : 210,797,686
 Number/Percentage of Treasury shares : Nil
 Class of shares : Ordinary
 Voting rights (excluding Treasury Shares) : One vote per share

Size of Shareholdings		No. of Shareholders	%	No. of Shares	%
1	- 99	21	2.00	465	0.00
100	- 1,000	174	16.57	162,874	0.08
1,001	- 10,000	550	52.38	2,851,710	1.35
10,001	- 1,000,000	289	27.53	19,609,180	9.30
1,000,001 and above		16	1.52	188,173,457	89.27
Total		1,050	100.00	210,797,686	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 18 MARCH 2015

No.	Name of Shareholder	No. of Shares	%
1	CIMB Securities (Singapore) Pte Ltd	33,372,000	15.83
2	Wee Ai Quey	22,612,000	10.73
3	Maybank Nominees (Singapore) Pte Ltd	19,311,000	9.16
4	Choong Chee Peng Bert	17,482,000	8.29
5	Phillip Securities Pte Ltd	14,498,500	6.88
6	Goon Eu Jin Terence	13,378,000	6.35
7	Kho Chuan Thye Patrick	13,377,000	6.35
8	DBS Nominees Pte Ltd	13,072,500	6.20
9	Maybank Kim Eng Securities Pte Ltd	12,205,971	5.79
10	United Overseas Bank Nominees Pte Ltd	7,683,000	3.64
11	Hong Leong Finance Nominees Pte Ltd	6,957,000	3.30
12	DBS Vickers Securities (Singapore) Pte Ltd	6,329,400	3.00
13	Poh Boon Kher Melvin (Fu Wenke Melvin)	2,545,086	1.21
14	Pong Chee Keen Francis	2,253,600	1.07
15	OCBC Securities Private Ltd	1,983,400	0.94
16	Lim Siong Goh	1,113,000	0.53
17	Ahmad Morshidi Abdul Rahman	909,000	0.43
18	Ho Hong Chester	900,000	0.43
19	Ong Ciu Hwa	812,000	0.39
20	Loo Hock Eng	797,400	0.38
Total		191,591,857	90.90

STATISTICS OF SHAREHOLDINGS

As at 18 March 2015

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 18 March 2015

Name	No. of Ordinary shares			
	Direct Interest	%	Indirect Interest	%
Choong Chee Peng Bert	50,482,000 ⁽¹⁾	23.95	-	-
Wee Ai Quey	22,612,000	10.73	-	-
Goon Eu Jin Terence	22,978,000 ⁽²⁾	10.90	-	-
Kho Chuan Thye Patrick	20,285,000 ⁽³⁾	9.62	16,284,400 ⁽⁴⁾	7.73
Kho Choon Keng	529,000	0.25	16,284,400 ⁽⁴⁾	7.73
Southern Cross Holdings Pte. Ltd.	16,284,400 ⁽⁴⁾	7.73	-	-

Note:

- (1) 33,000,000 shares are held in the name of CIMB Securities (Singapore) Pte Ltd.
- (2) 9,600,000 shares are held in the name of DBS Nominees (Private) Limited.
- (3) 7,000,000 shares are held in the name of Maybank Nominees (Singapore) Pte Ltd.
- (4) 10,000,000 shares are held in the name of Maybank Nominees (Singapore) Pte Ltd and 6,284,400 shares are held in the name of DBS Vickers Securities (Singapore) Pte Ltd. Mr. Kho Chuan Thye Patrick and Mr. Kho Choon Keng are deemed to be interested in 16,284,400 shares held by Southern Cross Holdings Pte. Ltd. in which each of them has a shareholding interest of more than 20%.

Based on the information available to the Company as at 18 March 2015 approximately 32.76% of the total number of issued shares of the Company are held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of NOBEL DESIGN HOLDINGS LTD (the “**Company**”) will be held at 16 Tai Seng Street, Level 7, Singapore 534138 on Tuesday, 28 April 2015 at 10.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements of the Company for the financial year ended 31 December 2014 and the Directors’ Report and the Auditors’ Report thereon.
Resolution 1
2. To declare a first and final (tax exempt one-tier) dividend of 0.65 cents per share for the financial year ended 31 December 2014.
Resolution 2
3. To approve the Directors’ fees of S\$330,750 for the financial year ended 31 December 2014.
Resolution 3
4. To re-elect Mr. Choong Chee Peng Bert retiring pursuant to Article 107 of the Company’s Articles of Association.
(See *Explanatory Note 1*)
Resolution 4
5. To re-elect Mr. Heng Chye Yam retiring pursuant to Article 107 of the Company’s Articles of Association.
(See *Explanatory Note 1*)
Resolution 5
6. To re-elect Ms. Ong Ciu Hwa retiring pursuant to Article 107 of the Company’s Articles of Association.
(See *Explanatory Note 1*)
Resolution 6
7. To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration.
Resolution 7

As Special Business

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

8. Authority to allot and issue shares

“THAT, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”), authority be and is hereby given to the Directors to:-

- (a) allot and issue shares in the Company (the “**Shares**”); and
- (b) issue convertible securities and any Shares pursuant to convertible securities

NOTICE OF ANNUAL GENERAL MEETING

(whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors shall in their absolute discretion deem fit, provided that the aggregate number of Shares (including any Shares to be issued pursuant to the convertible securities) to be issued pursuant to such authority shall not exceed fifty per cent (50%) of the total number of issued Shares excluding treasury shares of the Company for the time being and that the aggregate number of shares to be issued other than on a pro rata basis to the then existing shareholders of the Company will not exceed twenty per cent (20%) of the total number of issued Shares excluding treasury shares of the Company for the time being. Unless prior shareholder approval is required under the Listing Manual, an issue of treasury shares will not require further shareholders' approval, and will not be included in the aforementioned limits. Unless revoked or varied by the Company in general meeting, such authority shall continue in full force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier, except that the Directors shall be authorised to allot and issue new Shares pursuant to the convertible securities notwithstanding that such authority has ceased.

For the purposes of this Resolution and Rule 806(3) of the Listing Manual, the total number of issued Shares excluding treasury shares is based on the total number of issued Shares excluding treasury shares of the Company at the time this Resolution is passed after adjusting for:-

- (i) new Shares arising from the conversion or exercise of convertible securities;
- (ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the rules of the Listing Manual; and
- (iii) any subsequent bonus issue, consolidation or subdivision of Shares.”
(See Explanatory Note 2)

Resolution 8

9. Authority to grant options and issue shares under the Nobel Employee Share Option Scheme

“That, pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the Nobel Employee Share Option Scheme (the “**Scheme**”) and to issue such shares as may be required to be issued pursuant to the exercise of the options granted under the Scheme provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total number of issued shares excluding treasury shares of the Company from time to time”.

(See Explanatory Note 3)

Resolution 9

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

By Order of the Board

LEE BEE FONG (MS)
Company Secretary
Singapore
13 April 2015

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. Mr. Choong Chee Peng Bert, if re-elected under Resolution No. 4, will remain as a Non-Executive Director of the Company. There are no relationships (including immediate family relationships) between Mr. Choong Chee Peng Bert and the other Directors, the Company or shareholder with shareholdings of 10% or more in the voting shares of the Company.

Mr. Heng Chye Yam, if re-elected under Resolution No. 5, will remain as Chairman of the Remuneration Committee and a Member of the Audit Committee and will be considered as an Independent Director of the Company for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. There are no relationships (including immediate family relationships) between Mr. Heng Chye Yam and the other Directors, the Company or shareholder with shareholdings of 10% or more in the voting shares of the Company.

Ms. Ong Ciu Hwa, if re-elected under Resolution No. 6, will remain as an Executive Director of the Company. There are no relationships (including immediate family relationships) between Ms. Ong Ciu Hwa and the other Directors, the Company or shareholder with shareholdings of 10% or more in the voting shares of the Company.

2. The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company. The aggregate number of shares (including any shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution will not exceed fifty per cent (50%) of the total number of issued Shares excluding treasury shares (as defined in Resolution 8) of the Company. For issue of Shares other than on a pro rata basis to all Shareholders, the aggregate number of Shares to be issued will not exceed twenty per cent (20%) of the total number of issued Shares excluding treasury shares (as defined in Resolution 8) of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue Shares pursuant to any convertible securities issued under this authority.
3. Resolution No. 9, if passed, will empower the Directors of the Company to allot and issue shares in accordance with the Nobel Employee Share Option Scheme.

Notes:-

- (i) A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy in his stead.
- (ii) A proxy need not be a member of the Company.
- (iii) If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
- (iv) The instrument appointing a proxy must be deposited at the Company's registered office at 16 Tai Seng Street, Level 7, Singapore 534138 at least 48 hours before the time of the Meeting.

Personal data privacy:

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

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS ALSO HEREBY GIVEN THAT the Transfer Book and the Register of Members of the Company will be closed at 5.00 p.m. on 14 May 2015, for the purpose of determining members' entitlements to the first and final (tax exempt one-tier) dividend of 0.65 cents per share for the financial year ended 31 December 2014 (the "**Proposed Dividend**").

Duly completed registrable transfers received by the Company's Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd) of 80 Robinson Road #02-00, Singapore 068898 up to 5.00 p.m. on 14 May 2015 will be registered to determine members' entitlements to the Proposed Dividend. The Proposed Dividend, if approved at the Annual General Meeting to be held on 28 April 2015, will be paid on 28 May 2015.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 14 May 2015 will be entitled to the Proposed Dividend.

By Order of the Board

LEE BEE FONG (MS)
Company Secretary
Singapore
13 April 2015

PROXY FORM
NOBEL DESIGN HOLDINGS LTD

(Incorporated in the Republic of Singapore)
(Company Registration No.: 198104591E)

I/We _____, (NRIC/Passport No.) _____

of _____

being a member/members of the above-mentioned Company, hereby appoint:-

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

or failing him/her/them, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary to demand a poll, at the Annual General Meeting of the Company to be held at 16 Tai Seng Street, Level 7, Singapore 534138 on Tuesday, 28 April 2015 at 10.00 a.m. and at any adjournment thereof.

No.	Ordinary Resolutions	For	Against
	Ordinary Business		
1.	To receive and consider the Audited Financial Statements of the Company for the financial year ended 31 December 2014 and the Directors' Report and the Auditors' Report thereon.		
2.	To declare a first and final (tax exempt one-tier) dividend of 0.65 cents per share for the financial year ended 31 December 2014.		
3.	To approve the Directors' fees of S\$330,750 for the financial year ended 31 December 2014.		
4.	To re-elect Mr. Choong Chee Peng Bert retiring pursuant to Article 107 of the Company's Articles of Association.		
5.	To re-elect Mr. Heng Chye Yam retiring pursuant to Article 107 of the Company's Articles of Association.		
6.	To re-elect Ms. Ong Ciu Hwa retiring pursuant to Article 107 of the Company's Articles of Association.		
7.	To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration.		
	Special Business		
8.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		
9.	To authorise Directors to grant options and to issue shares under Nobel Employee Share Option Scheme.		

Dated this _____ day of _____ 2015

Signature(s) of member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

No. of Shares Held

NOBEL DESIGN HOLDINGS LTD

Notes to the Proxy Form

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his stead.
3. Where a member appoints two proxies, he shall specify the percentage of his shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.
4. A proxy need not be a member of the Company.
5. The instrument appointing a proxy or proxies together with the letter of power of attorney, if any, under which it is signed or a duly certified copy thereof, must be deposited at the registered office of the Company at 16 Tai Seng Street, Level 7, Singapore 534138 at least 48 hours before the time appointed for the Annual General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50.
8. Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
10. In the case of a member whose shares are entered against his name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2015.



Bungalow @ Pearl Island, Sentosa Cove



LIV on Sophia



Palms @ Sixth Avenue



The Interface



D'London



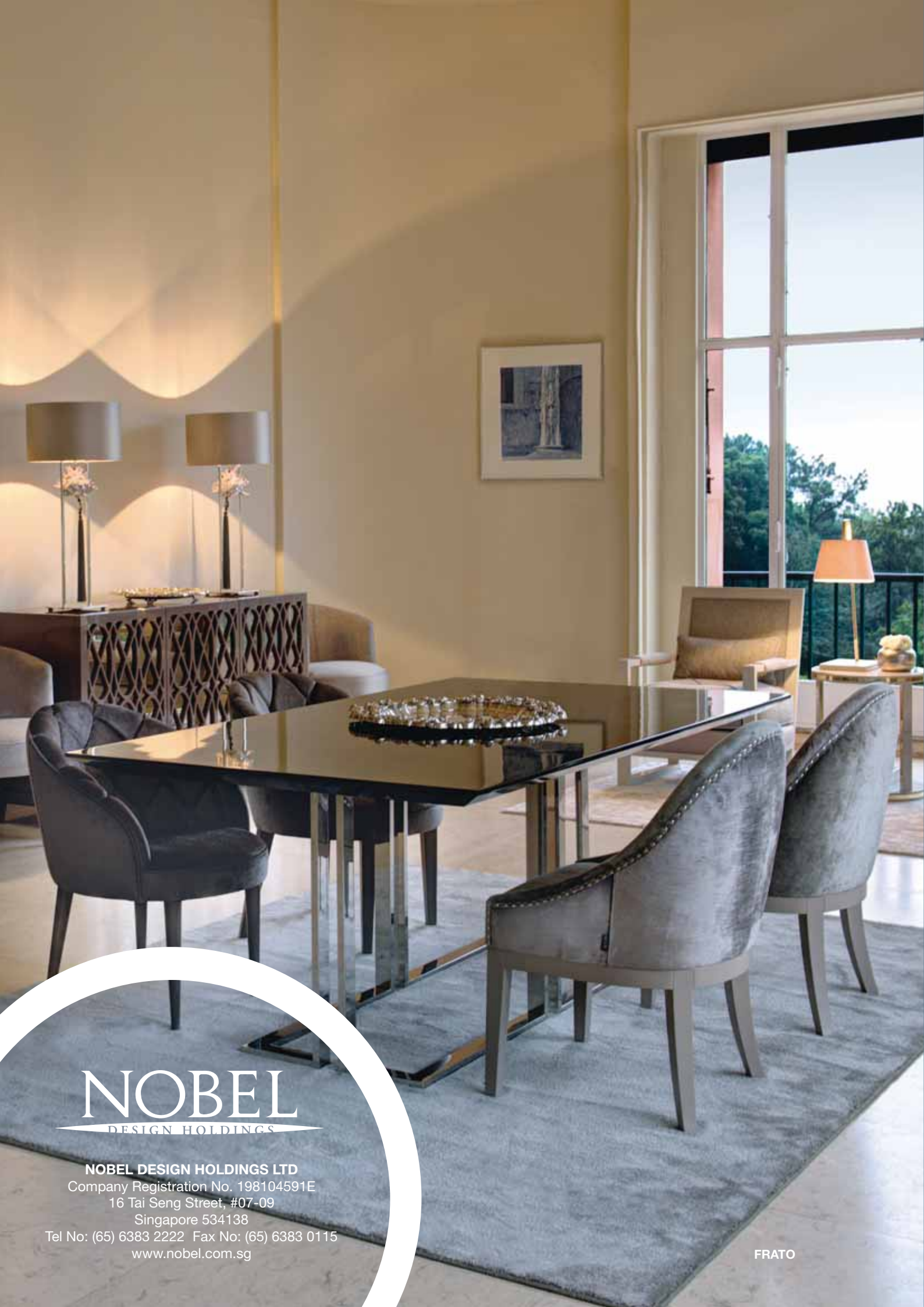
One Shenton

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most Luxurious
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in town.



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NOBEL

DESIGN HOLDINGS

NOBEL DESIGN HOLDINGS LTD

Company Registration No. 198104591E

16 Tai Seng Street, #07-09

Singapore 534138

Tel No: (65) 6383 2222 Fax No: (65) 6383 0115

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FRATO