



United
Engineers
Limited

Building for the Future

Annual Report 2014





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about united engineers limited

United Engineers Limited (“UEL” or the “Company”, and together with its group of subsidiaries, the “Group”), founded in 1912, is one of Singapore’s pioneer companies that played an integral role in the physical and economic transformation of Singapore. Building on its early engineering roots, the Group evolved into a dynamic corporation with key businesses in property services and environmental engineering today.

The Group has developed numerous iconic buildings that define the Singapore landscape including *orchardgateway*, *UE BizHub CITY* (formerly known as *UE Square*), *UE BizHub EAST*, as well as the mixed-use development at one-north comprising *The Rochester*, *Rochester Mall* and *Park*

Avenue Rochester. The Group also owns *Changi Link*, *Rochester Mall*, *The Seletar Mall* and *UE Square Shopping Mall* as well as manages the *Park Avenue* chain of hotels and serviced suites.

In 2013, the Group acquired a stake in another centennial company WBL Corporation Limited (“WBL”). Following this acquisition, the Group’s businesses now include Distribution, Manufacturing and Technology.

The Group was honoured as the 11th oldest company in the Singapore International Chamber of Commerce and its flagship building, *UE BizHub CITY*, was marked a historic site in 2002 by the Singapore National Heritage Board. In 2014, the Group was awarded the BCI Asia Top 10 Developers Award by BCI Asia.

vision

TO BE THE COMPANY OF CHOICE, RECOGNISED WORLDWIDE, FOR UNPARALLELED FIRST-CLASS SOLUTIONS

mission

TO BE THE LEADER IN OUR CHOSEN MARKETS, DELIVERING ONE-STOP SOLUTIONS TO CUSTOMERS

business model



PROPERTY

Property Development

- Residential, commercial, industrial, mixed-use and build-to-suit projects in Singapore
- Residential and mixed-use projects in China

Property Rental & Services

- Project management
- Asset management

Hospitality

- Hotel suites
- Serviced suites
- Serviced offices
- Convention centre



ENGINEERING & DISTRIBUTION

Environmental Engineering

- Engineering, Procurement and Construction (EPC) for water-related and waste-to-energy projects
- Build-operate-transfer assets for medical waste and waste water treatment in China

Systems Integration

- For broadcasting and multimedia, communications and information technology, security and surveillance sectors

Distribution

- Construction materials
- Sand mining
- Automotive parts and liquefied petroleum gas (LPG)



TECHNOLOGY & MANUFACTURING

Technology Manufacturing

- Manufacture of flexible printed circuits and rigid printed circuit boards

Precision Engineering

- Manufacture of die-cast precision parts and components as well as provision of turnkey manufacturing solutions

business presence



corporate highlights

- Mr Jackson Yap retired from his position as Group Managing Director and Chief Executive Officer (CEO)
 - Announced proposed disposal of WBL's 78% stake in Suzhou Industrial Park Jian Wu Heng Ye Property Development Co., Ltd. ("JWHY")
 - Increased shareholding in WBL to 67.50%
 - Q1 2014 financial results
 - Completed disposal of 100% stake in UE Orchard Pte Ltd and UE Somerset Pte Ltd (which undertook the development of *orchardgateway*) to a wholly-owned subsidiary of OCBC Bank pursuant to the sale and purchase agreement entered into in 2010
 - Set up a 20% joint venture company to design, build, own and operate the second NEWater plant at *Changi Water Reclamation Plant*
 - Announced proposed disposal of 68.2% stake in UE E&C Ltd. ("UE E&C")
 - Completed disposal of WBL's 78% stake in JWHY
 - Q3 2014 financial results
 - Completed disposal of WBL's 100% stake in WAPL and AMI
 - Shareholders' approval obtained for the proposed disposal of UE E&C in an Extraordinary General Meeting (EGM)

◀ **JAN**

◀ **MAR**

◀ **MAY**

◀ **SEP**

◀ **OCT**

◀ **NOV**

- ◀ **FEB** ▶ • Completed voluntary delisting of WBL
 - Completed disposal of 100% stake in Delichem Pte Ltd
 - FY 2013 financial results
 - Appointed Mr Koh Beng Seng as Chairman of the Audit & Risk Committee
 - ◀ **APR** ▶ • 100th Annual General Meeting (AGM)
 - Mr Jackson Yap retired from his position as a Non-Executive and Non-Independent Director
 - ◀ **AUG** ▶ • Announced proposed disposal of effective 57% stake in the assets and liabilities of MFS Technology Ltd ("MFS") including the entire issued share capital of MFS Technology (S) Pte Ltd ("MFSS") (together with MFSS' subsidiaries)
 - Q2 2014 financial results
 - Oversea-Chinese Banking Corporation Limited ("OCBC Bank") and Great Eastern Holdings Limited ("GEH") entered into an exclusivity agreement with TCC Top Enterprise Limited ("TCC") in relation to a possible offer for OCBC Bank's and GEH's combined stakes in UEL and WBL shares
 - Announced proposed disposal of WBL's 100% stake in Wearnes Automotive Pte. Ltd. ("WAPL") and Associated Motor Industries (Private) Limited ("AMI")
 - ◀ **DEC** ▶ • Completed disposal of 68.2% stake in UE E&C
 - Announced proposed disposal of the facility management business

corporate information

Board of Directors

Mr Tan Ngiap Joo (*Chairman*)
Mr Chew Leng Seng
Mr Norman Ip Ka Cheung
Mr Koh Beng Seng
Mr Koh Poh Tiong
Dr Michael Lim Chun Leng
Mr David Wong Cheong Fook

Executive Committee

Mr Tan Ngiap Joo (*Chairman*)
Mr Chew Leng Seng
Mr Norman Ip Ka Cheung
Mr Koh Beng Seng (*Appointed on 1 May 2014*)

Audit & Risk Committee

Mr Koh Beng Seng (*Chairman*)
Dr Michael Lim Chun Leng
Mr David Wong Cheong Fook

Nominating Committee

Mr Chew Leng Seng (*Chairman*)
Mr Tan Ngiap Joo
Mr David Wong Cheong Fook

Remuneration Committee

Dr Michael Lim Chun Leng (*Chairman*)
Mr Koh Poh Tiong
Mr Tan Ngiap Joo

Company Secretary

Ms Heng Fook Pyng, Jeslyn

Registered Office

12 Ang Mo Kio Street 64
#01-01 UE BizHub CENTRAL
Singapore 569088
Telephone: 6818 8383
Facsimile: 6818 8398
Website: www.uel.sg

Share Registrar

Tricor Barbinder Share
Registration Services
(A division of Tricor
Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898
Telephone: 6236 3333
Facsimile: 6236 3405

Auditor

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

Partner in charge:
Mr Yee Woon Yim
(*Appointed since financial
year ended 31 December 2013*)

Principal Bankers

DBS Bank Ltd
Malayan Banking Berhad
Oversea-Chinese Banking
Corporation Limited
The Hongkong and Shanghai
Banking Corporation Limited
United Overseas Bank Limited

Financial Calendar

15 May 2014
14 August 2014
14 November 2014
27 February 2015
7 April 2015
24 April 2015
29 April 2015
4 May 2015
5 to 6 May 2015
13 May 2015

Announcement of Q1 2014 Financial Results
Announcement of Q2 2014 Financial Results
Announcement of Q3 2014 Financial Results
Announcement of Full Year Financial Results
Notice of Annual General Meeting
Annual General Meeting
Ex-dividend Date
Last Date for Registration of Transfers
Books Closure Dates
Dividend Payment Date

letter to shareholders

Dear Shareholders,

The year ended 31 December 2014 (FY 2014) was marked with a series of divestments of non-strategic and non-core businesses, resulting in a sharpened focus on managing the remaining operating businesses. This is in line with the Group's strategic objective of streamlining business activities and to unlock and enhance shareholder value.

Doubling of revenue

The Group's revenue increased 93% to \$3.21 billion mainly due to the consolidation of approximately \$2.01 billion in revenue from WBL and its group of subsidiaries (the "WBL Group"). The higher revenue was also contributed by full revenue recognition of property sales from *Austville Residences* (via completion-of-construction accounting method) as well as higher progressive revenue recognition of property sales from *Eight Riversuites*.

In line with the revenue increase, gross profit rose 80% to \$414.6 million. Gross profit margin decreased from 13.9% in 2013 to 12.9% in 2014. The Group's overall attributable profit increased



MR TAN NGIAM JOO
Chairman

The Group's revenue increased 93% to \$3.21 billion mainly due to the consolidation of approximately \$2.01 billion in revenue from WBL and its group of subsidiaries ,,

5% to \$123.6 million as compared with \$118.1 million in 2013.

Streamlining the Group's businesses

UE E&C, previously the Group's 68.2%-owned mechanical and electrical (M&E) engineering and

construction subsidiary, was sold and ceased to be a subsidiary of the Group in December after shareholders' approval was obtained in an EGM held in November. Other divestments in the year included the Group's 100% stake in Delichem Pte Ltd

which is involved in the sale of specialty chemical products as well as its 100% stake in UE Orchard Pte Ltd and UE Somerset Pte Ltd upon completion of the development of *orchardgateway* to OCBC Bank based on the sale and purchase agreement entered into between the Group and OCBC Bank in 2010.

The Group also disposed of a number of subsidiaries and associates in WBL. In August, the Group announced the proposed disposal of its effective 57% stake in the assets and liabilities of MFS including the entire issued share capital of MFSS (together with MFSS' subsidiaries). MFS and MFSS are involved in the design, manufacture and distribution of flexible printed circuits and printed circuit boards. In November, WBL completed the sale of its 100% stake in WAPL and AMI. In the same month, WBL also completed the disposal of its 78% stake in JWHY, a company engaged in residential housing development in Suzhou, China which owns a 147,238 sqm land site currently under development. The sale of JWHY allowed the Group to immediately unlock value in this development

project and avoid additional development risks under the current market conditions.

The above divestments generated cash proceeds of approximately \$686 million and gave rise to a net disposal gain of approximately \$55.2 million. These divestments allowed the Group to unlock value and achieve a more efficient capital structure, focus on existing operations while maintaining sufficient flexibility, as well as better position itself to maximise returns for shareholders.

A sharpened focus on property services

With the above divestments, the Group now has a sharpened focus on real estate-related businesses that span property development, property rental and hospitality management.

The Group's stable of key rental assets in Singapore includes *UE BizHub CENTRAL*, *UE BizHub CITY*, *UE BizHub TOWER* and *UE BizHub WEST* which are strategically located in key commercial nodes of the island-state with close proximity to MRT (Mass Rapid Transit) Stations. *UE BizHub TOWER* and *UE BizHub WEST* – located close to the Southern Waterfront

City which is earmarked as an upcoming extension of the Central Business District with the proposed relocation of the Pasir Panjang and Tanjong Pagar port terminals to Tuas – may enjoy redevelopment potential in the future. In addition, with the Fort Canning MRT Station (Downtown Line) opening in 2017, the geographical dynamics of *UE BizHub CITY* located at the fringe of the Central Business District is expected to be significantly enhanced.

The Group added a new mall to its retail portfolio with the opening of *The Seletar Mall* in November. *The Seletar Mall*, a joint venture project between the Group and Singapore Press Holdings, is a 4-storey shopping mall located at Fernvale Road with a net floor area of approximately 188,000 sq ft housing more than 130 brands including anchor tenants *Shaw Theatres*, *NTUC Foodfare* and *FairPrice Finest*.

On the property development front, *Eight Riversuites* in Singapore sold approximately 90% of its total of 862 units and *The Manhattan* in Kuala Lumpur, Malaysia sold approximately 65% of its total of 129 units as at 31 December.

The Group strives for excellence in all aspects of its operations and as such won a number of awards in various fields during the year ,,

Performance accolades in various fields

The Group strives for excellence in all aspects of its operations and as such won a number of awards in various fields during the year.

For *Eight Riversuites*, the Group won the BCI Asia Top 10 Developers Award, an award given by BCI Asia in recognition of top developers that made the greatest impact on the built environment in several Southeast Asian countries. *Park Avenue Changi* was named the Country Winner under the Luxury Suite Hotel category at the World Luxury Hotel Awards for its world-class facilities and excellent service.

The Group also won the Top 5 Outstanding Leaders in Asia 2014 Award at the Asia Corporate Excellence & Sustainability Awards which pays tribute to those who demonstrated sound leadership to spearhead growth and prominence for their companies.

Park Avenue Clemenceau, United Engineers Developments Pte Ltd (“UED”), UEL and UES Holdings Pte Ltd (“UES Holdings”) each won a WSH Performance (Silver) Award at the annual WSH Awards organised by the WSH Council for outstanding Workplace Safety and Health (WSH) performance as well as WSH management systems. In addition, *orchardgateway* won a RoSPA Gold Award from The Royal Society for the Prevention of Accidents of United Kingdom (UK) for its high level of safety performance and management systems as well as sound safety culture. In March 2015, the Group was awarded the Bronze Award at the Singapore HEALTH Award organised by the Health Promotion Board (HPB) for its efforts in promoting workplace health.

Increased dividends

Based on the above performance, the Board of Directors is pleased to propose a first and final



93%

INCREASE
IN REVENUE



\$123.6

Million
OVERALL
ATTRIBUTABLE
PROFIT



\$55.2

Million
NET
DISPOSAL GAIN



10¢

TOTAL
DIVIDENDS/
ORDINARY
STOCK

dividend of 5 cents per ordinary stock, a special dividend of 5 cents per ordinary stock and a preference dividend of 7.5 cents per preference share. This represents a 45.7% increase from the total dividends paid in FY 2013. The proposed dividends, if approved by members at the forthcoming AGM, will be paid on 13 May 2015.

A challenging outlook

Market sentiments continue to be weighed down by ongoing property cooling measures implemented by the Singapore Government as well as the slower economic growth in China. However, the Group's enlarged portfolio of rental properties gives rise to an attractive combination of stable long-term income coupled with the potential to create additional value through active management and reallocation of the commercial and retail areas in the various properties.

On 6 February 2015, following the completion of its restructuring, the Group's NASDAQ-listed subsidiary Multi-Fineline Electronix, Inc. ("MFLEX") announced that it intends to continue to reduce its cost structure to lower the breakeven revenue level.

On 27 August, the Group's controlling shareholders OCBC Bank and GEH announced that they entered into an exclusivity agreement with TCC, a company controlled by Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, in relation to a possible transaction regarding their combined stakes in UEL and WBL shares. The parties involved were not able to reach an agreement on an appropriate transaction structure by the expiry date of 13 February 2015 and as a result, the exclusivity agreement lapsed.

Management change and acknowledgements

On 1 February 2015, Mr Roy Tan, previously the Group's Chief Strategy Officer, was appointed as the Group Chief Financial Officer following the resignation of Mr Lester Wong.

We express appreciation to Mr Norman Ip for his leadership in the Corporate Office, and also to the Directors for their continuing guidance and wise counsel. In addition, we acknowledge the dedication and hard work

of management and staff during a challenging year.

In closing, we thank all shareholders as well as business partners and associates for their kind support to the Group during the year.

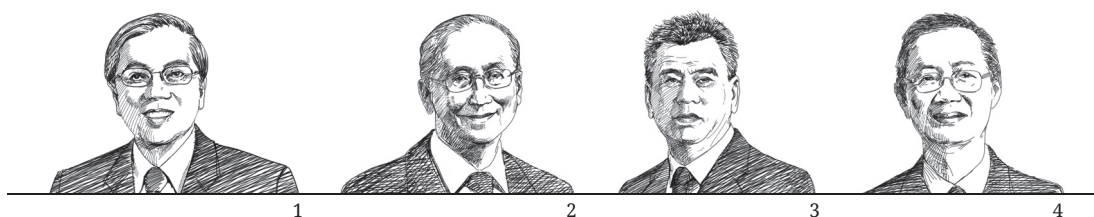
Thank you.



MR TAN NGIAM JOO
Chairman

18 March 2015

board of directors



Mr Tan Ngiap Joo¹

Independent and
Non-Executive Director
Non-Executive Chairman

*B.A., University of Western
Australia*

Mr Tan Ngiap Joo joined the Board in October 2006 and was appointed Chairman in April 2007. Mr Tan was last re-elected as a Director in 2012 and serves as Chairman of the Executive Committee and a member of the Nominating and Remuneration Committees.

Mr Tan was the Deputy President of Oversea-Chinese Banking Corporation Limited ("OCBC Bank") and CEO of the Bank of Singapore (Australia) Limited.

Currently, Mr Tan is a Director of OCBC Bank, China Fishery Group Limited, Mapletree Logistics Trust Management Ltd. and Tan Chong International Limited.

Mr Chew Leng Seng²

Independent and
Non-Executive Director

*Dip. in Mechanical Engineering,
Singapore Polytechnic*

Mr Chew Leng Seng joined the Board in October 2006 and was last re-elected as a Director in 2014. Mr Chew

serves as Chairman of the Nominating Committee and a member of the Executive Committee.

Mr Chew was the CEO of SIA Engineering Company Limited before he retired as its Consultant in 2003. Prior to that, he was the Executive Vice President (Technical) of Singapore Airlines Limited.

Mr Norman Ip Ka Cheung³

Independent and
Non-Executive Director

*B.Sc. (Econs), London School
of Economics & Political
Science, UK;*

*Fellow of The Institute of
Chartered Accountants in
England and Wales;
Fellow of The Institute
of Singapore Chartered
Accountants*

Mr Norman Ip Ka Cheung joined the Board in December 2009 and was last re-elected as a Director in 2013. Mr Ip serves as a member of the Executive Committee and is the Chairman of the Corporate Office.

Mr Ip retired as the President and Group CEO of The Straits Trading Company Limited ("STC") in October 2009. Prior to joining STC in 1983, he was with Ernst & Whinney (now known as Ernst & Young LLP).

Currently, Mr Ip is a Director and the Acting Group CEO of Great Eastern Holdings Limited ("GEH") and serves as the Chairman of the Board of Great Eastern Life Assurance (Malaysia) Berhad. He is an Independent and Non-Executive Director of AIMS AMP Capital Industrial REIT Management Limited as well as a member of the Building and Construction Authority Board.

Mr Koh Beng Seng⁴

Independent and
Non-Executive Director

*MBA, Columbia University,
United States of America (USA)*

Mr Koh Beng Seng joined the Board in October 2013 and was last re-elected as a Director in 2014. Mr Koh serves as Chairman of the Audit & Risk Committee and a member of the Executive Committee.

Mr Koh has vast experience in the banking and financial sector. He was the Deputy President of United Overseas Bank Limited ("UOB") from June 2000 to 31 January 2005 and played a pivotal role in the integration of Overseas Union Bank and UOB. Prior to joining UOB in 2000, he was the Deputy Managing Director of the Monetary Authority of Singapore and an Advisor to the International Monetary Fund.



Currently, Mr Koh is the CEO of Octagon Advisors Pte Ltd and Non-Executive Chairman of GEH. He is a Director of Bank of China (Hong Kong) Limited, BOC Hong Kong (Holdings) Limited, Singapore Technologies Engineering Ltd, Sing-Han International Financial Services Limited and Hon Sui Sen Endowment CLG Limited.

Mr Koh Poh Tiong⁵

Independent and Non-Executive Director
B.Sc., University of Singapore

Mr Koh Poh Tiong joined the Board in December 2011 and was last re-elected as a Director in 2012. Mr Koh serves as a member of the Remuneration Committee.

Mr Koh has more than 41 years of corporate experience in sectors ranging from the maritime to food and beverage industries. He was the CEO of Asia Pacific Breweries Limited for 15 years, followed by CEO of Fraser and Neave, Limited's food and beverage division for three years.

Currently, Mr Koh is the Non-Executive and Non-Independent Chairman and Senior Advisor of Ezra Holdings Limited and Non-Executive Chairman of Times Publishing

Ltd. He is a Director, Advisor and Chairman of the Executive Committee of Fraser and Neave, Limited, a Director of The Great Eastern Life Assurance Company Limited, Raffles Medical Group Ltd, SATS Ltd and Petra Foods Limited. He is a member on the Evaluation Panel of Casino Regulatory Authority on Integrated Resorts' Tourism Performance, Ministry of Trade and Industry. He is also the Chairman of both the Singapore Kindness Movement and the National Kidney Foundation.

Dr Michael Lim Chun Leng⁶

Independent and Non-Executive Director
MBBS, MMED (Int Med), FAMS, Singapore; MRCP, UK; FRCP, Edinburgh, UK

Dr Michael Lim Chun Leng joined the Board in March 2000 and was last re-elected as a Director in 2014. Dr Lim serves as Chairman of the Remuneration Committee and a member of the Audit & Risk Committee.

Dr Lim is a medical doctor and has served on the Boards of several public listed and private companies. He has also sat on various

Government committees as a Member of Parliament.

Currently, Dr Lim is a Medical Director of Singapore Heart, Stroke & Cancer Centre Pte Ltd. He is also an Advisory Panel Member, North East Community Development Council. He continues to sit on various international committees in the field of cardiology.

Mr David Wong Cheong Fook⁷

Independent and Non-Executive Director
B.A. (Hons) and Master of Arts, University of Cambridge, UK

Mr David Wong Cheong Fook joined the Board in January 2011 and was last re-elected as a Director in 2013. Mr Wong serves as a member of the Audit & Risk and Nominating Committees.

Mr Wong was a Partner with Ernst & Young and the Managing Director of Wearnes Technology Pte Ltd.

Currently, Mr Wong is a Director of PEC Ltd. and Energy Market Company Pte Ltd. He is also the Chairman of Republic Polytechnic and a Board member of the Casino Regulatory Authority of Singapore and the Charity Council.

key management

Mr Roy Tan

Group Chief Financial Officer (GCFO)

Mr Roy Tan is the GCFO who is responsible for finance and other corporate functions of the Group, and is also responsible for the Group's strategic planning, mergers and acquisitions, new business initiatives and divestitures. Mr Tan is presently overseeing the Group's Property division.

Mr Tan has more than 15 years of experience in operations management, business development and strategic planning. Before joining the WBL Group in May 2006, he held various positions in OCBC Bank, ST Electronics and PhillipCapital.

Mr Tan holds a Bachelor of Arts (Honours) from University of Oxford, UK, as well as a Master of Social Sciences (Applied Economics) and a Master of Science (Management of Technology) from National University of Singapore. He is a FRM certified by Global Association of Risk Professionals and a CFA charterholder.

Mr Johnson Tang

Managing Director
Environmental Engineering
Division

Mr Johnson Tang is the Managing Director of the Group's Environmental

Engineering division and is responsible for strategy and operations in the water, medical waste treatment and renewable energy sectors.

Mr Tang has more than 20 years of experience in environmental engineering solutions and project management in the region. Before joining the Group in 1995, he was an Engineering Manager in MEI Project Engineers Pte Ltd.

Mr Tang holds a Master in Business Administration from University of Hull, UK.

Mr Ryan Sun

General Manager
Hospitality Division

Mr Ryan Sun is the General Manager of the Group's Hospitality division that manages the *Park Avenue* chain of hotels and serviced suites which has a total of 708 hotel keys, as well as *UE Serviced Office and Convention Centre* business with regional presence in Hong Kong and Jakarta.

Mr Sun joined the Group's facility management business in 1991 as the Manager in Taiwan and subsequently the General Manager in Singapore. He became the country head for the Group's environmental engineering investments in China before heading the Hospitality division. Prior to joining the Group, he was

the Head of Marketing with American Management Association.

Mr Sun holds a Bachelor of Arts in Psychology from Fu-Jen Catholic University of Taipei, Taiwan. He is a council member of SHATEC Mentorship Advisory Council.

Mr Steven Ong

CEO
Engineering, Manufacturing
& Distribution (EMD) Division

Mr Steven Ong is the CEO of the Group's EMD division and is responsible for its strategy and operations.

Mr Ong joined the WBL Group in 1984 as Financial Controller and Company Secretary of Polytek Wearnes Holding Limited. Since then, he had held the positions of General Manager (Finance & Administration) and Company Secretary of Wearnes International (1994) Limited and Managing Director of WBL's trading division. Before joining the WBL Group, he was with Price Waterhouse (now known as PricewaterhouseCoopers LLP).

Mr Ong holds a Bachelor of Commerce from University of New South Wales, Australia. He is a member of CA (Singapore) and a Fellow of CPA (Australia).

key property portfolio

DEVELOPMENT



Singapore
**EIGHT
RIVERSUITES**

Development type:	Residential
Location:	Bendemeer Road/ Whampoa East, Singapore
Description:	862-unit condominium
Tenure of land:	99 years leasehold from 11/7/2010
Land area (sq ft):	200,402
Gross floor area (sq ft):	701,416
Group's effective interest:	100%
Held by:	UE Development (Bendemeer) Pte Ltd



Malaysia
**THE
MANHATTAN**

Development type:	Residential
Location:	Jalan Raja Chulan, Kuala Lumpur, Malaysia
Description:	129-unit condominium
Tenure of land:	Freehold
Land area (sq ft):	20,322
Gross floor area (sq ft):	256,000
Group's effective interest:	100%
Held by:	Peninsular Smart Sdn Bhd



China

**CHENGDU
ORCHARD
VILLA**

Development type:	Residential
Location:	Chengdu, China
Description:	1,075 units of semi-detached villas and terrace houses
Tenure of land:	70 years leasehold from 18/9/2003
Land area (sq ft):	3,437,605
Gross floor area (sq ft):	3,042,795
Group's effective interest:	67.6%
Held by:	Chengdu Huaxin International Realty Co., Ltd.



China

**SHENYANG
ORCHARD
SUMMER
PALACE**

Development type:	Mixed-use
Location:	Shenyang, China
Description:	City complex comprising a shopping mall, 348 units of Grade A offices, 408 units of serviced apartments and 448 units of residential apartments
Tenure of land:	50 years leasehold from 4/9/2009 for residential; 40 years leasehold from 4/9/2009 for commercial
Land area (sq ft):	360,784
Gross floor area (sq ft):	2,680,894
Group's effective interest:	67.6%
Held by:	Shenyang Summer Palace Property Development Co., Ltd.

ASSET MANAGEMENT

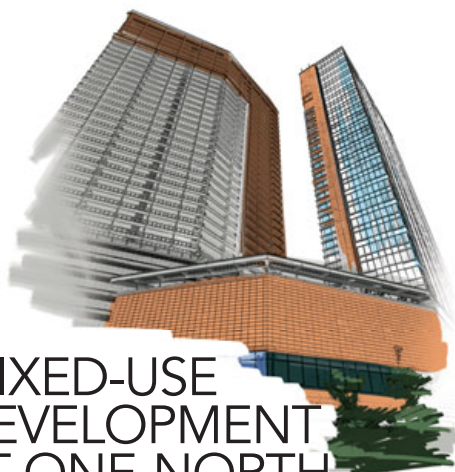


Development type:	Mixed-use
Location:	Clemenceau Avenue, Singapore
Description:	An 18-storey office building with 2 basement carpark levels, 15-storey block comprising serviced apartments and a 4-storey shopping podium
Tenure of land:	929 years leasehold from 1/1/1953. Remaining lease of 867 years
Land area (sq ft):	355,023
Valuation as at 31 December 2014:	\$675 million
Net lettable area (sq ft):	Commercial: 317,000 (est) Retail: 79,000 (est)
Selected tenants:	Commercial: Estee Lauder, Research in Motion, Kao Corporation Retail: Cold Storage
Group's effective interest:	100%
Held by:	United Engineers Limited



Development type:	Mixed-use
Location:	Changi Business Park, Singapore
Description:	Integrated development comprising exhibition and convention halls, an auditorium, seminar rooms, a business hotel and business park & retail space
Land area (sq ft):	312,164
Net lettable area (sq ft):	Business park: 411,000 (est) Retail: 91,000 (est)
Selected tenants:	Cisco Systems, British Telecom, NTUC FairPrice Xtra
Group's effective interest:	0%*

* The Group divested *UE BizHub EAST* in November 2013, but continued to operate the business hotel and serviced suites, *Park Avenue Changi*, as well as manage the business park and retails spaces in *UE BizHub EAST*.



MIXED-USE DEVELOPMENT AT ONE-NORTH

Development type:	Mixed-use
Location:	Buona Vista Road/ North Buona Vista Road, Singapore
Description:	Retail: <i>Rochester Mall</i> Hospitality: <i>Park Avenue Rochester</i>
Tenure of land:	Retail: 98 years 9 months less 1 day leasehold from 22/6/2005. Remaining lease of 89 years Hospitality: 99 years less 1 day leasehold from 2/2/2005. Remaining lease of 89 years
Land area (sq ft):	Retail: 95,940 (inclusive of residential development) Hospitality: 43,242
Valuation as at 31 December 2014:	Retail: \$122 million Hospitality: \$165 million
Net lettable area (sq ft):	75,000 (est) (<i>Rochester Mall</i>)
Selected tenants:	The Learning Lab, Julia Gabriel Centre for Learning, Buttercup Montessori Kindergarten
Group's effective interest:	100%
Held by:	UE One-North Developments Pte Ltd



UE BIZHUB TOWER

Development type:	Commercial
Location:	Anson Road, Singapore
Description:	23-storey freehold commercial development located at the junction of Anson Road and Palmer Street
Tenure of land:	Freehold
Land area (sq ft):	28,162
Valuation as at 31 December 2014:	\$423 million
Net lettable area (sq ft):	202,000 (est)
Selected tenants:	Kellogg Brown & Root Asia Pacific Pte Ltd, Japan Travel Bureau Pte Ltd
Group's effective interest:	100%
Held by:	UE Development (Anson) Pte Ltd



**UE
BIZHUB
WEST**

Development type:	Industrial and Commercial
Location:	Alexandra Road, Singapore
Description:	12-storey commercial building and 8-storey industrial building
Tenure of land:	Freehold
Land area (sq ft):	191,484
Valuation as at 31 December 2014:	\$415 million
Net lettable area (sq ft):	462,000 (est)
Selected tenants:	Hewlett-Packard
Group's effective interest:	100%
Held by:	UE Development (Alexandra) Pte Ltd



**UE
BIZHUB
CENTRAL**

Development type:	Industrial
Location:	Ang Mo Kio Street 64, Singapore
Description:	4-storey high-tech facility with ancillary office and a 7-storey high-tech facility with ancillary office and basement carpark
Tenure of land:	30+30 years leasehold from 1/4/1984 and 23+30 years leasehold from 1/2/1991. Remaining lease of 30 years
Land area (sq ft):	258,068
Valuation as at 31 December 2014:	\$36 million
Net lettable area (sq ft):	289,000 (est)
Selected tenants:	Apple, Motorola
Group's effective interest:	100%
Held by:	United Engineers Limited

Retail



CHANGI LINK

Location:	Changi Business Park, Singapore
Description:	2-storey shopping mall, part of <i>UE BizHub EAST</i>
Net lettable area (sq ft):	91,000 (est)
Selected tenants:	NTUC FairPrice Xtra



ROCHESTER MALL

Location:	Buona Vista Road/ North Buona Vista Road, Singapore
Description:	3-storey shopping mall, part of the mixed-use development at one-north
Net lettable area (sq ft):	75,000 (est)
Selected tenants:	The Learning Lab, Julia Gabriel Centre for Learning, Buttercup Montessori Kindergarten



THE SELETAR MALL*

Location:	Fernvale Road, Singapore
Description:	4-storey shopping mall
Net lettable area (sq ft):	188,000 (est)
Selected tenants:	Shaw Theatres, NTUC Foodfare, FairPrice Finest



UE SQUARE SHOPPING MALL

Location:	Clemenceau Avenue, Singapore
Description:	4-storey shopping podium, part of <i>UE BizHub CITY</i>
Net lettable area (sq ft):	79,000 (est)
Selected tenants:	Cold Storage

* The Group has a 30% stake

Hospitality



Location: Clemenceau Avenue, Singapore

Description: Serviced suites, part of *UE BizHub CITY*

No. of rooms: 150



Location: Changi Business Park, Singapore

Description: Hotel and serviced suites, part of *UE BizHub EAST*

No. of rooms: 251



Location: Kim Yam Road, Singapore

Description: Serviced suites

No. of rooms: 36



Location: Buona Vista Road/ North Buona Vista Road, Singapore

Description: Hotel and serviced suites, part of the mixed-use development at one-north

No. of rooms: 271



review of operations

property



Property Development

The Group has property development projects in Singapore, China and Malaysia. UED and Huaxin International are the Group's principal property development subsidiaries in Singapore and China respectively.

UED's joint venture project with Singapore Press Holdings, *The Seletar Mall*, obtained Temporary Occupation Permit (TOP) in October and began operations in November. The mall has a net floor area of approximately 188,000 sq ft and houses more than 130 brands including anchor tenants *Shaw Theatres*, *NTUC Foodfare* and *FairPrice Finest*. *orchardgateway's* main shopping wing opened in May for the Great Singapore Sale while *orchardgateway@emerald*, the underpass, the glass overhead bridge and *Hotel Jen Orchardgateway Singapore* opened progressively in the later part of the year. Upon the completion of *orchardgateway*, UED sold its stake in *orchardgateway* to OCBC Bank in September pursuant to the sale and purchase agreement entered into in 2010.

On the residential property sales front, *Eight Riversuites* in Singapore sold approximately 90% of its total of 862 units and *The Manhattan* in Kuala Lumpur, Malaysia sold approximately



1
The Seletar Mall obtained TOP in October

2
Shenyang Orchard Summer Palace commenced sales of its retail mall

With an enlarged portfolio of retail malls, UED plans to introduce new retail concepts as well as promote a higher level of cross marketing across the malls,,

65% of its total of 129 units as at 31 December. *Eight Riversuites* was one of the best-selling projects for the year due to a resurgence of interest in city-fringe private homes.

In China, *Shenyang Orchard Summer Palace* commenced sales of its retail mall and continued construction for its office and serviced apartment blocks. *Chengdu Orchard Villa* progressed smoothly in phase 3 where the main structure, partition wall and M&E works were completed. During the year, Huaxin International sold its 78% stake in JWHY to immediately unlock value in the development project that JWHY is undertaking and avoid additional development risks under the current market conditions.



2

Property Rental & Services

During the year, *UE BizHub WEST* was fully leased to Hewlett-Packard while *UE BizHub CENTRAL*, *UE BizHub CITY* and *UE BizHub TOWER* achieved close to full occupancy.

With the Fort Canning MRT Station (Downtown Line) opening in 2017, the geographical dynamics of *UE BizHub CITY* located at the fringe of the Central Business District is expected to be significantly enhanced. As such, UED plans to upgrade the facilities of *UE BizHub CITY* as well as revitalise *UE Square Shopping Mall* to attract a higher footfall.

In February, UED received approval from the Urban Redevelopment Authority to develop a new building wing in *UE BizHub CENTRAL* which will increase its current net lettable area of approximately 289,000 sq ft to approximately

495,000 sq ft. Construction for *UE BizHub CENTRAL*'s expanded wing is expected to commence in 2016.

UED's retail malls comprising *Changi Link*, *Rochester Mall*, *The Seletar Mall* and *UE Square Shopping Mall* operated at close to full occupancy. With an enlarged portfolio of retail malls, UED plans to introduce new retail concepts as well as promote a higher level of cross marketing across the malls.

Hospitality

The Group's hospitality business is managed under the *Park Avenue* brand and has a total of 708 keys across Singapore: *Park Avenue Changi* at Changi Business Park, *Park Avenue Clemenceau* at Clemenceau Avenue, *Park Avenue Robertson* at Kim Yam Road and *Park Avenue Rochester* at one-north.

The *Park Avenue* chain performed well despite slower tourist arrivals amid



4

uncertainties in the global economy. During the year, *Park Avenue Changi* was named the Country Winner under the Luxury Suite Hotel category at the World Luxury Hotel Awards for its world-class facilities and excellent service.

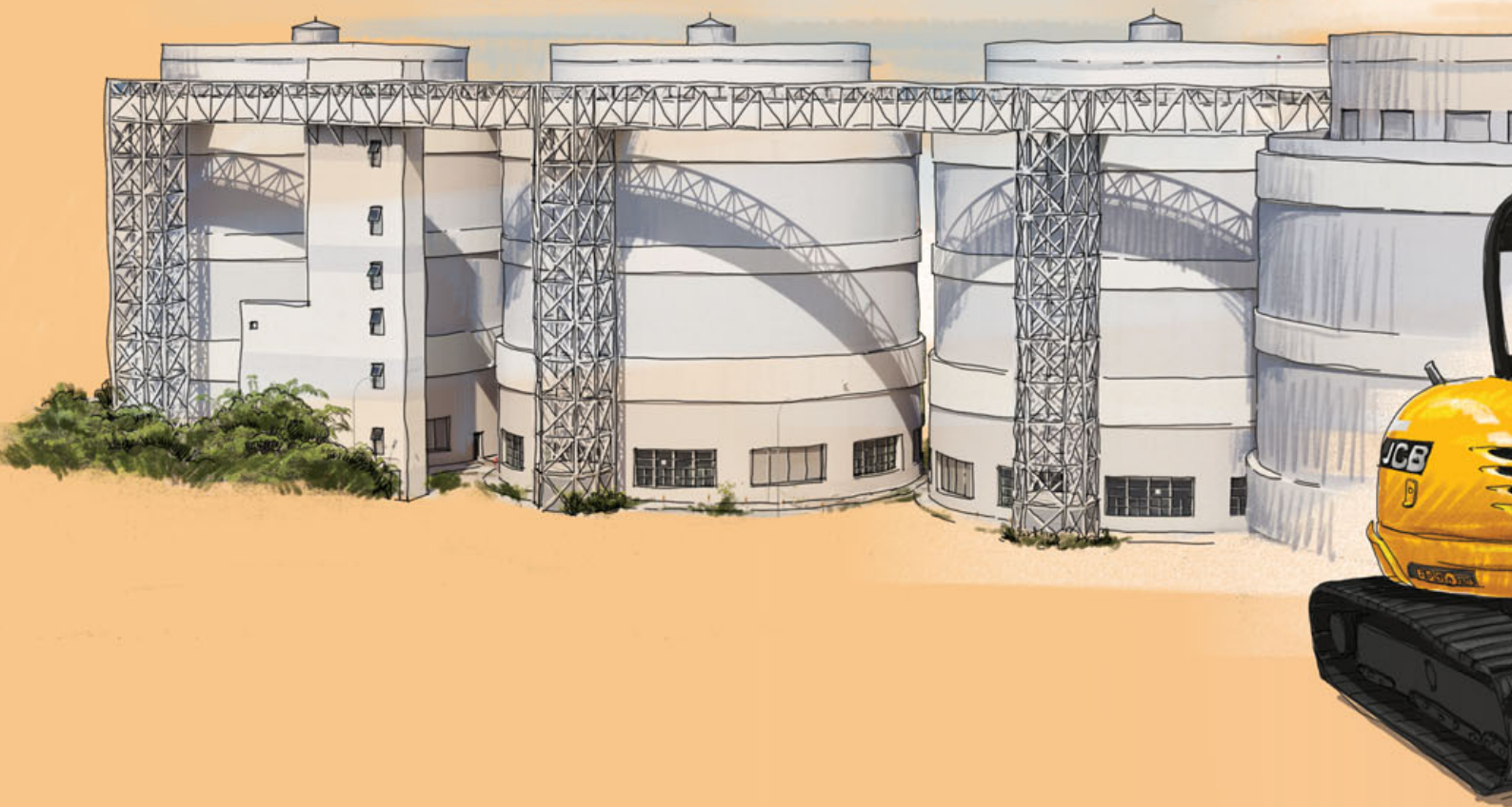
To enlarge *Park Avenue*'s service offering, the Group's chain of serviced offices and convention centre will operate under *Park Avenue*'s branding and management. This will also achieve higher management efficiency and better position the *Park Avenue* chain to seize the growing MICE (meetings, incentives, conferencing, exhibitions) industry in Singapore. The *Park Avenue* chain will also leverage on its serviced offices' regional network for future expansion.

³ *Eight Riversuites* sold approximately 90% of its total of 862 units as at 31 December

⁴ *Park Avenue Changi* was named the Country Winner under the Luxury Suite Hotel category at the World Luxury Hotel Awards



3



review of operations

engineering & distribution



Environmental Engineering

The Environmental Engineering segment has operations in Singapore, China, Indonesia, Myanmar and Vietnam. UES Holdings is the Group's principal environmental engineering subsidiary.

During the year, UES Holdings secured several new projects which include the provision of a sludge pre-treatment facility at *Ulu Pandan Water Reclamation Plant*; the design, development and build for the upgrading of M&E equipment at *Tembusu Pumping Station* and laying of pipeline along *Jurong Island Highway* and *Sakra Avenue*; as well as the Design, Build, Own and Operate (DBOO) of the second NEWater plant at *Changi Water Reclamation Plant*. UES Holdings also secured and completed a project for addition and alteration works at an existing airfield control centre at *Singapore Changi Airport*. It also completed the expansion to digestors and effluent pumping station at *Changi Water Reclamation Plant*.

UES Holdings continued works for the design and build of a membrane plant at *Changi Water Reclamation Plant*; relocation of substation and pumphouse at *Singapore Changi Airport*; upgrading works at *Kranji II Pumping Station*;



1



2

1
The expansion to digestors and effluent pumping station at *Changi Water Reclamation Plant*

2
A membrane plant at *Changi Water Reclamation Plant*

construction of Stamford Detention Tank and ancillary facilities; as well as the design, procurement, supply, construction, installation, testing and commissioning of a proposed used water lift station at *Jurong Water Reclamation Plant*.

Going forward, UES Holdings will continue to strengthen its capabilities in design and build as well as EPC projects. The second NEWater plant at *Changi Water Reclamation Plant* project is UES Holdings' first DBOO project and will greatly boost its track

record in the water sector. In addition, UES Holdings intends to source for new technologies to complement its projects for a greater competitive edge. To this end, UES Holdings has partnered with a German company to employ an ultrasonic sludge disintegrator for the sludge pre-treatment facility at *Ulu Pandan Water Reclamation Plant*.

Engineering & Distribution

The Engineering & Distribution segment comprises several subsidiaries providing a wide range of products and services in Singapore, Australia, Malaysia and Thailand.

Engineering

O'Connor's Singapore Pte Ltd ("O'Connor's Singapore") secured several projects during the year. These included a laboratory set-up and fit-out project each at the *Singapore University of Technology and Design* ("SUTD") and *Lee Kong Chian School of Medicine, Nanyang Technological University*; a surveillance system project including support and maintenance services at *Singapore Changi Airport*; several satellite communications projects from government agencies and ASEAN organisations; as well as a contract to supply crowd control surveillance system for the *FORMULA 1™ Singapore Grand Prix*.

UES Holdings intends to source for new technologies to complement its projects for a greater competitive edge ,,

O'Connor's Singapore also continued works for several key projects from government agencies, and completed a safe city test bed project, satellite base station projects for two service providers, as well as the project at SUTD mentioned above.

O'Connor's Engineering Sdn Bhd ("O'Connor's Malaysia") performed relatively well despite facing tough competition. It continues to be the key telecommunication system integrator in the oil and gas industry and won contracts from the top five oil operators in Malaysia. O'Connor's Malaysia also secured

orders from the automobile, banking, educational and hospitality industries as well as government-linked companies in the tough IP telephony and contact centre businesses. During the year, O'Connor's Malaysia also widened its product range by introducing new products and solutions such as American *JDSU* brand test and measuring equipment for the telecommunication industry as well as NEC's new hotel front office solutions *Nehops*.

Rank P.T. O'Connor's Co., Ltd ("O'Connor's Thailand") saw slow growth due to Thailand's prolonged political unrest since 2013. During the year, O'Connor's Thailand



continued to serve long-term key clients, as well as clinched new contracts for broadcast and multimedia equipment and media asset management services.

Distribution

Wearnes Engineering & Distribution Pte. Ltd. is the Group's principal distribution subsidiary and comprises five divisions: Welmate, Polytek Engineering, Far East Motors, Wealco Equipment and Wearnes LPG.

Welmate continued to supply *Promatect* non-combustible boards for the Land Transport Authority's MRT Downtown Line Stage 2. It also supplied *Promatect* boards to the integrated development including the old *Capitol*, as well as completed the supply of *Promatect* boards to *Jurong Rock Caverns* which opened in September. During the year, Welmate obtained official acceptance from the Housing & Development Board for the use of *Acotec* precast concrete panels in public housing projects. Welmate also expanded its ceiling product range and added new dealers to the distribution network for *DNT* paint products. These will boost Welmate's sales and business going forward.

Polytek Engineering secured a contract to supply and install the first unit of *Milnor PulseFlow* continuous batch washer, which will

Wearnes LPG will continue to strive for economies of scale arising from volume recovery, productivity-enhancing initiatives, as well as expansion into direct sales to food and beverage establishments ”

significantly reduce water and energy consumption, at a commercial laundry. In addition, Polytek Engineering supplied and installed washer-extractors and dryers at several other laundries. Going forward, Polytek Engineering will widen its offering of boiler equipment.

Far East Motors experienced challenging times in Singapore in view of the Government's measures to curb vehicle ownership which resulted in most vehicle distributors delaying their expansion and upgrading plans. Nonetheless, Far East Motors completed several projects during the year, which included Borneo Motors' *Lexus* and *Toyota* workshop extension at Leng Kee Road, brake tester replacement in all SBS Transit's depots, as well as the design and build of compressed air and petrol, oil and lubrication systems at two military camps. In Malaysia, there was a weakened demand for workshop equipment due to an increase in overall car ownership cost, tightened credit by financial institutions



4
Wearnes LPG distributes SUNGAS LPG with a customised GPS tracking system

and subsidy rationalisation. However, operations were streamlined during the year which led to improved productivity.

Wealco Equipment was affected by falling oil prices in the later part of the year, especially for its business of supplying and servicing support vessels in the oil and gas sector. For the construction sector, Wealco Equipment focused on supplying telescopic handlers and compact excavators. A new telescopic handler, the largest of its kind in the 4-ton capacity range and with ability to lift up to a height of 20 metres, will be introduced into Singapore in 2015 and preliminary feedback has been encouraging. Going forward, Wealco Equipment will move towards supplying smaller support vessels with waterjet propulsion that have higher speed and manoeuvrability.

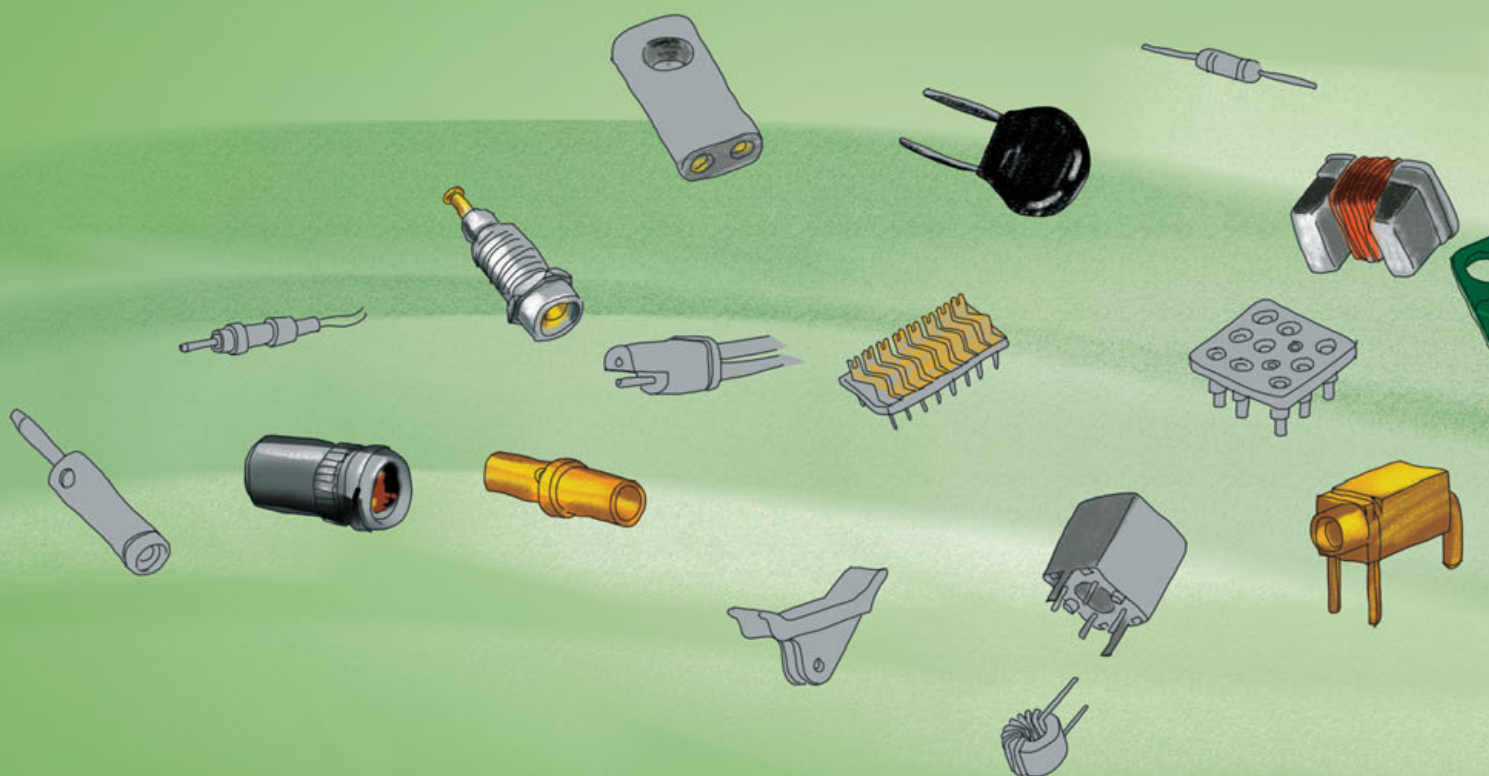
Wearnes LPG improved its services in the face of stiffened competition. It implemented a GPS tracking system with a customised function that locates the nearest truck in the fleet to fulfil a customer's order within a shorter time. Wearnes LPG also developed customised handheld delivery devices for its delivery workers to reduce delivery time, paperwork and telephone calls which in turn enhanced operational efficiency and

customer service. Going forward, Wearnes LPG will continue to strive for economies of scale arising from volume recovery, productivity-enhancing initiatives, as well as expansion into direct sales to food and beverage establishments.

Pacific Silica Pty Ltd ("Pacific Silica") saw its first full year operation of its fleet of road trucks. It was awarded a contract to supply 32,000 tonnes of sand to *Eagle Farm Racecourse* in Queensland, Australia. During the year, Pacific Silica identified an additional resource of 1 million tonnes of sand to the north of its existing mining site based on preliminary drilling work. Investigations are currently being carried out for approvals and to verify the site's viability.

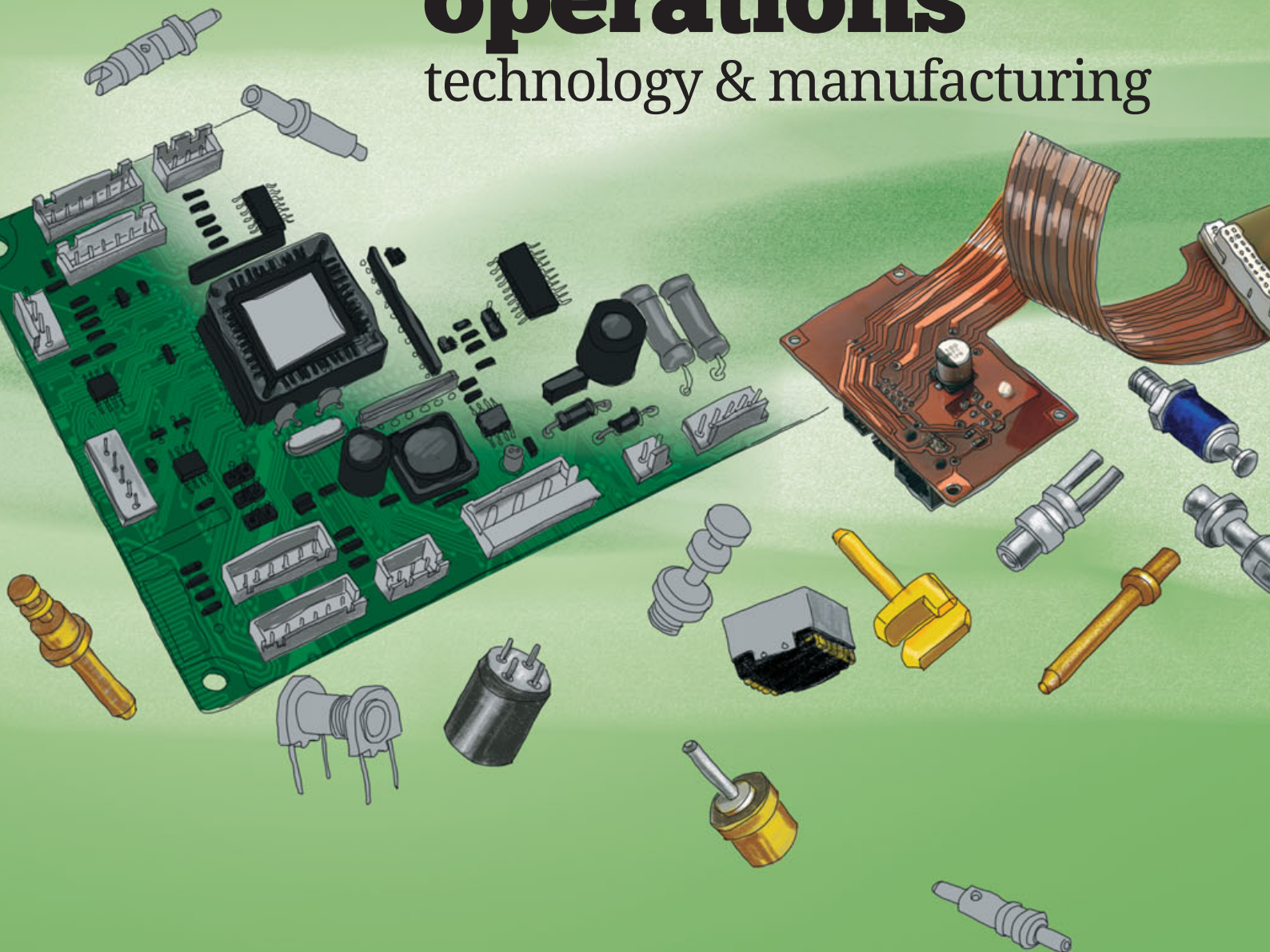
5
A new telescopic handler will be introduced in 2015





review of operations

technology & manufacturing



Technology

The Technology segment has operations in China, South Korea, Singapore and USA.

During the year, the Group sold its effective 57% stake in the assets and liabilities of MFS including the entire issued share capital of MFSS (together with MFSS' subsidiaries), and they ceased to be subsidiaries of the Group in November.

MFLEX returned to profitability following the successful completion of its restructuring plans announced in February 2015, as well as due to strong operational execution and a favourable product mix. In addition, MFLEX's net sales increased due to the introduction of new programmes across its customer base. The restructuring plans also increased annual cost savings, and the reconfiguration of its manufacturing operations better positioned MFLEX to compete more effectively and efficiently in the flexible printed circuit board market.

Going forward, MFLEX intends to continue diversifying its customers and products while maintaining solid relationships with its current customers, as well as continue to reduce its cost structure to lower the breakeven revenue level.



MFLEX intends to continue diversifying its customers and products while maintaining solid relationships with its current customers ”

Manufacturing

The Manufacturing segment has operations in China and UK. Wearnes Cambion Limited ("Wearnes Cambion"), Wearnes Precision (Shenyang) Ltd. ("Wearnes Precision") and Wearnes Components Shenyang Ltd. ("Wearnes Components") are the Group's principal manufacturing subsidiaries.

Wearnes Cambion's business performance was affected by dampened defence spending in UK and other countries as global market conditions remained weak. Consumer grade component sales was slow due to the unfavourable economic conditions in China and Europe. However, Wearnes Cambion was still profitable for the year due to tight cost controls and efficiency improvements.

Wearnes Precision secured volume orders for highly complex automotive parts which was in line with its strategy to reduce its dependence on the saturated market for basic automotive parts. Orders for traditional precision die-cast automotive parts remained strong from all key customers.

Wearnes Components saw increased sales due to the evolution of Electronic Article Surveillance (a method for preventing shoplifting) from employing devices that prevent thefts to devices that monitor goods movement in the retail industry (Inventory Level Intelligence). During the year, Wearnes Components added tooling maintenance capabilities and automated processes to improve efficiency, reduced cost and enhanced product quality.

occupational safety and health

The Group's accident frequency rate in 2014 was 0.16* and there were a total of two incidents recorded for the year. As at 31 December, 11 out of 22 of the Group's business units were certified OHSAS 18001.

During the year, the Group organised Occupational Safety and Health (OSH) training sessions on various topics such as risk management (bizSAFE Level 2), behaviour-based safety and road safety. The Group continued to run Workplace Health Programme@UE, a health programme funded by the HPB. Under this programme, the Group organised *Let's Get Active* activities such as *Zumba* and kickboxing classes, as well as OSH talks on smoking cessation, building good working relationships and medical knowledge.

In June, the Group held its annual UE Safety Day which involved a mass workout, games involving critical OSH messages, OSH-related talks and demonstrations, as well as an award ceremony to give away awards to staff who displayed exemplary OSH performance. In September, the Group organised the

SmeSAFE@UE Convention which was attended by about 200 of the Group's SME (small and medium enterprise) sub-contractors. Mr Lai Poon Piau, Executive Director of the WSH Council, was the Guest-of-Honour and he delivered a speech on CultureSAFE, a WSH culture-building programme developed by the WSH Council.

Park Avenue Clemenceau, UED, UEL and UES Holdings each won a WSH Performance (Silver) Award for outstanding WSH performance as well as WSH management systems at the annual WSH Awards organised by the WSH Council. *orchardgateway* also won a RoSPA Gold Award for its high level of

safety performance and management systems as well as sound safety culture from The Royal Society for the Prevention of Accidents. In March 2015, the Group was awarded the Bronze Award at the Singapore HEALTH Award organised by the HPB for its efforts in promoting workplace health.



1

1
Mr Lai Poon Piau, Executive Director of the WSH Council, was the Guest-of-Honour at the SmeSAFE@UE Convention

2
Safety demonstration on PPE (personal protective equipment) during the UE Safety Day



2

* Calculated based on relevant data from Far East Motors, O'Connor's Malaysia, O'Connor's Singapore, Pacific Silica, *Park Avenue Changi*, *Park Avenue Clemenceau*, *Park Avenue Rochester*, UED, UEL, UES Holdings, Wealco Equipment, Wearnes LPG and Welmate

investor relations

The Group is committed to deliver timely, transparent and consistent disclosures to its stakeholders.

The Group's disclosures are available on SGXNET, its corporate website (www.uel.sg), as well as financial portal www.shareinvestor.com. Stakeholders can also receive such disclosures via email if they sign up for the email alert service. These ensure that the Group's disclosures are available in a prompt and accessible manner for

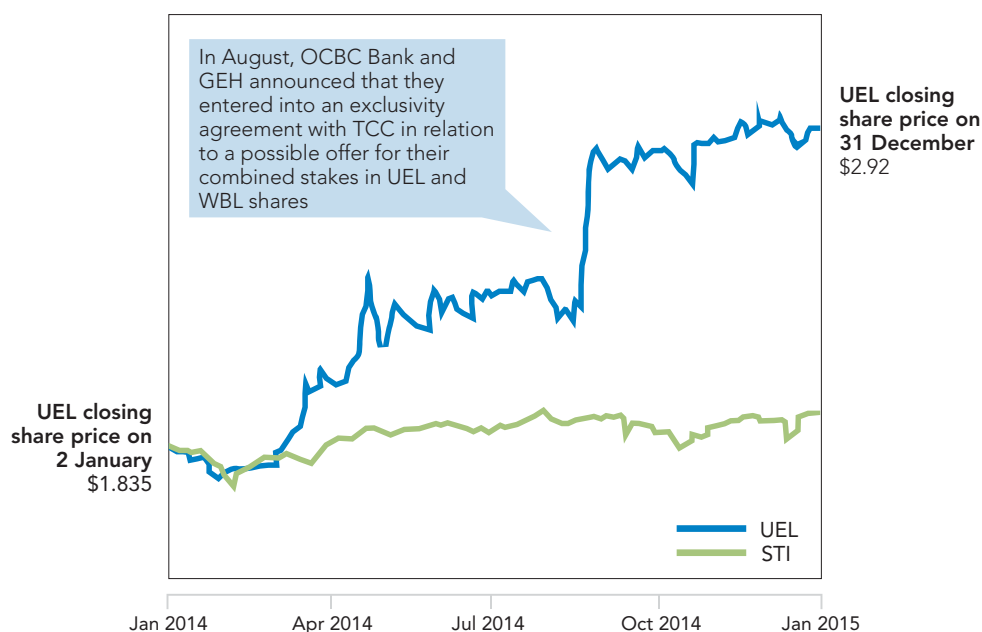
stakeholders. Following the full implementation of the Personal Data Protection Act in July, the Group's Data Protection Policy relating to compulsory personal data information collected for the email alert service is made available in its corporate website.

During the year, management engaged with analysts as well as existing and potential investors through one-on-one meetings, conference calls and investment roadshows. The Group held

its AGM in April and an EGM in November for the disposal of UE E&C shares. All resolutions were passed during the AGM and EGM and their results were posted on the various platforms mentioned above.

The UEL share price performed well during the year by outperforming the Straits Times Index (STI) for several months. The UEL closing share price was \$1.835 on 2 January, which then gradually increased during the year and ended at \$2.92 on 31 December.

Relative performance of UEL share price against the STI



corporate social responsibility

The Group adopts sustainable practices in its business operations as far as possible. In property development, the Group is committed to develop projects with environmentally-friendly qualities such as high water and energy efficiency, good indoor environmental quality and environmental protection. During the year, *Eight Riversuites* won the BCI Asia Top 10 Developers Award that includes sustainability and green building ratings as judging criteria.



1

The Group won the Top 5 Outstanding Leaders in Asia 2014 Award at the Asia Corporate Excellence & Sustainability Awards

On the environmental engineering front, the Group is involved in the treatment of surface and groundwater for potable use, waste water treatment, odour treatment, medical waste treatment as well as waste-to-energy projects. These projects seek to improve the state of the physical environment as well as quality of life. During the year, the Group won a project to design, build, own and operate the second NEWater plant at *Changi Water Reclamation Plant* that will purify 228,000 m³ of treated used water into ultra-clean, high-grade reclaimed water daily when completed.

The Group won the Top 5 Outstanding Leaders in Asia 2014 Award at the Asia Corporate Excellence & Sustainability Awards which recognise businesses for their contributions to communities and the world in leadership and Corporate Social Responsibility (CSR).

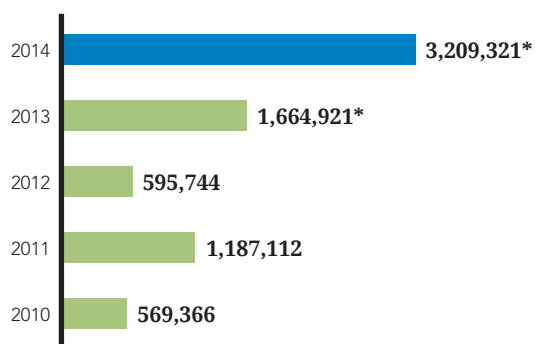
The Group also carried out CSR efforts overseas by sponsoring the SOS Children's Villages

International – a global, non-governmental and non-denominational federation of 116 national associations that ensures every child grows with love, security and respect – in Chengdu, China. Through this sponsorship, the Group supports a family of six children by providing them a home, education and healthcare services, as well as organises staff visits to the family every quarter.

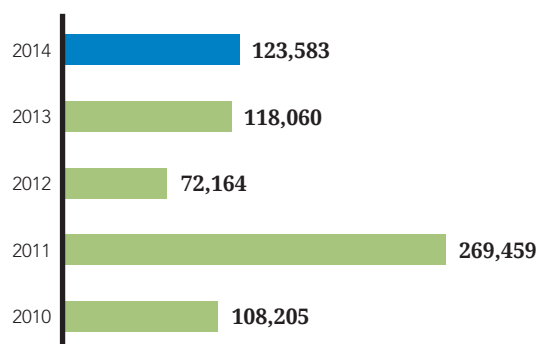
¹ The Group sponsors the SOS Children's Villages International in Chengdu, China

key financial highlights

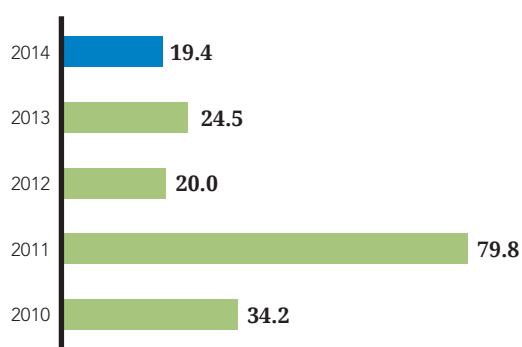
Group Revenue (\$000)



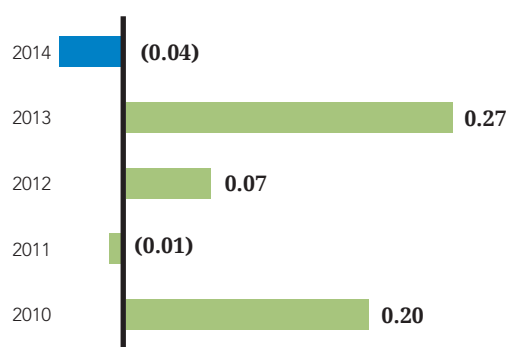
Group Net Profit (\$000)

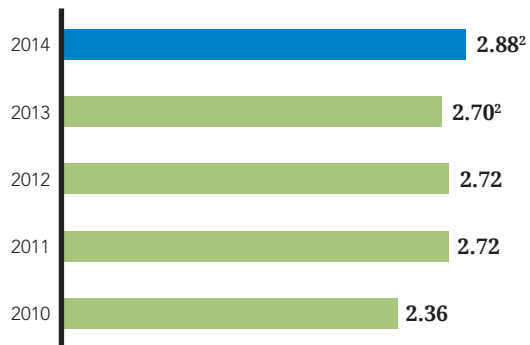
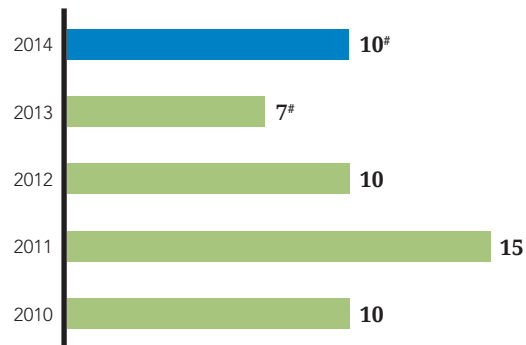
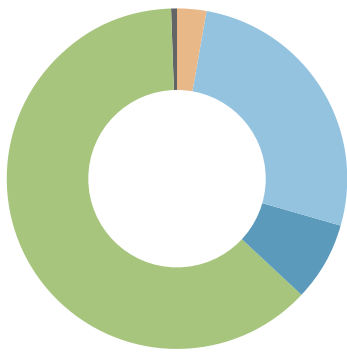


Earnings per Stock Unit (cents)

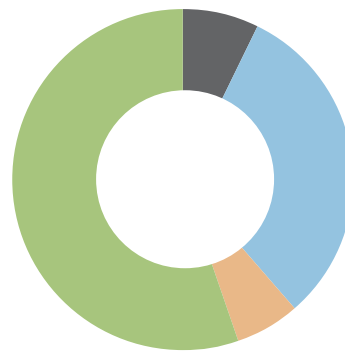


Net Debt to Equity (excluding stand-alone projects¹)



Net Tangible Assets per Stock Unit (\$)**Dividend per Ordinary Stock Unit (cents)****Revenue by Business Segments (\$000)**

- **Engineering:** 90,565
- **Property Development:** 865,794
- **Property Rental & Services:** 239,873
- **WBL:** 2,012,018
- **Corporate Services & Others:** 1,071

Revenue by Geographical Segments (\$000)

- **Singapore:** 1,779,058
- **ASEAN (excluding Singapore):** 199,285
- **Asia (excluding ASEAN):** 999,846
- **Others (or Non-Asian countries):** 231,132

* Based on continuing operations

On an enlarged share capital after the 1-for-1 Rights Issue

¹ Debts on stand-alone project refers to debt secured against specific assets of a project

² Based on total number of issued stock units excluding the number of stock units held by a subsidiary

5-year financial profile of the group

Income Statement (\$000)	2014	2013	2012	2011	2010
Revenue	3,209,321 *	1,664,921 *	595,744	1,187,112	569,366
Profit before Tax	75,754 *	53,166 *	102,094	348,863	142,435
Income Tax Expense	(35,267) *	(40,146) *	(14,344)	(58,507)	(33,879)
Profit Net of Tax	40,487 *	13,020 *	87,750	290,356	108,556
Profit Attributable to Owners of the Company, Net of Tax (Net Profit)	123,583	118,060	72,164	269,459	108,205
Statement of Financial Position (\$000)					
Property, Plant and Equipment	389,315	782,243	164,394	81,202	72,434
Investment Properties	1,847,071	1,870,923	1,203,765	1,242,806	1,057,395
Other Non-Current Assets	328,741	503,511	428,758	202,910	146,169
Net Current Assets ¹	1,715,439	2,464,561	1,088,870	1,080,405	624,038
	4,280,566	5,621,238	2,885,787	2,607,323	1,900,036
Stockholders' Equity	1,803,846	1,711,660	1,238,851	1,184,323	922,063
Non-Controlling Interests	576,348	809,696	67,088	54,724	(1,090)
Short and Long-Term Borrowings	1,716,909	2,882,276	1,539,518	1,333,827	940,384
Other Non-Current Liabilities	183,463	217,606	40,330	34,449	38,679
	4,280,566	5,621,238	2,885,787	2,607,323	1,900,036
Net Borrowings (\$000)	1,066,662	1,976,877	1,087,517	880,549	673,759
Net Debt to Equity (times)					
(Including Stand-alone Project) ²	0.59	1.15	0.88	0.74	0.73
Net Debt to Equity (times)					
(Excluding Stand-alone Project) ²	(0.04) ³	0.27	0.07	(0.01) ³	0.20
Per Stock Unit					
Earnings per Stock Unit (cents)					
- Profit Attributable to Ordinary Stockholders after Preference Dividend	19.4	24.5	20.0	79.8	34.2
Ordinary Dividends					
- First and final (cents)	5.0	5.0	5.0	5.0	5.0
- Special (cents)	5.0	2.0	5.0	10.0	5.0
- Cover (times)	1.94	3.50	2.00	5.32	3.42
Net Tangible Assets (\$)	2.88 ⁴	2.70 ⁴	2.72	2.72	2.36

¹ In arriving at net current assets, short-term borrowings have been excluded

² Debts on stand-alone project refers to debt secured against specific assets of a project

³ In net cash position

⁴ Based on total number of issued stock units excluding the number of stock units held by a subsidiary

* Based on continuing operations

Report on Corporate Governance

The Board of Directors is committed to maintaining high standards of corporate governance and transparency within the Group. The Group has adopted and complied with, wherever feasible, the recommendations of the revised Code of Corporate Governance issued by the Monetary Authority of Singapore on 2 May 2012 (“Code 2012”). Pursuant to Rule 710 of the Listing Manual of the SGX-ST, we set out below the details of our governance practices and give explanations for deviations from the Code 2012 within this Annual Report.

BOARD MATTERS

Principle 1: The Board’s Conduct of Affairs

The Board is entrusted with the responsibility for an effective oversight of the management of the Group’s business and affairs. The Board works closely with management to promote the success of the Group. Apart from its statutory responsibilities, the principal functions of the Board include, but are not limited to the following:

- (i) setting the overall strategic directions and long-term goals of the Group, and ensuring that the financial and human resources procedures are in place for the Group to meet its objectives;
- (ii) approving major projects, policy decisions, annual budgets, major investment funding and major restructuring of core businesses;
- (iii) establishing a framework of prudent and effective controls which enables risks to be assessed and managed;
- (iv) monitoring and reviewing management’s performance and financial performance of the Group; and
- (v) setting the Group’s values and standards and ensuring that obligations to shareholders and other stakeholders are understood and met.

The Board has formed various Board Committees, namely Executive Committee (EXCO), Audit & Risk Committee (ARC), Nominating Committee (NC) and Remuneration Committee (RC). The Board has delegated specific responsibilities to each of these Committees. These Committees have been formed and guided by their specific terms of reference.

The composition of the Board Committees for the financial year ended 31 December 2014 (FY 2014) is tabulated below:

Directors	EXCO	ARC	NC	RC
Mr Tan Ngiap Joo	C		M	M
Mr Chew Leng Seng	M		C	
Mr Norman Ip Ka Cheung ⁽¹⁾	M	C		
Mr Koh Beng Seng ⁽²⁾	M	C		
Mr Koh Poh Tiong				M
Dr Michael Lim Chun Leng		M		C
Mr David Wong Cheong Fook		M	M	
Mr Jackson Chevalier Yap Kit Siong ⁽³⁾	M			

Denotes: C – Chairman M – Member

Notes:

⁽¹⁾ Mr Norman Ip Ka Cheung stepped down as ARC Chairman on 28 February 2014.

⁽²⁾ Mr Koh Beng Seng was appointed as ARC Chairman on 1 March 2014 and EXCO member on 1 May 2014.

⁽³⁾ Mr Jackson Chevalier Yap Kit Siong retired on 25 April 2014.

Report on Corporate Governance

The Board meets at least four times a year for regular scheduled meetings, and as often as may be required to deal with ad-hoc matters. The Articles of Association of the Company (the “Articles”) allow for telephonic and conference meetings.

The attendance of the Directors at Board and Board Committees meetings in FY 2014 are set out below:

	Board	Ad-hoc Board	EXCO	ARC	Ad-hoc ARC	NC	RC
No. of Meetings Held	4	4	4	6	2	2	5
Mr Tan Ngiap Joo	4	4	4	4	2	2	5
Mr Chew Leng Seng	4	4	4	4	-	2	1
Mr Norman Ip Ka Cheung ⁽¹⁾	4	3	4	6 [^]	2	2	4
Mr Koh Beng Seng ⁽²⁾	4	4	2	6 [^]	2	-	-
Mr Koh Poh Tiong	3	2	-	4	-	1	5
Dr Michael Lim Chun Leng	4	3	-	6 [^]	2	1	5
Mr David Wong Cheong Fook	4	3	-	6 [^]	2	2	1
Mr Jackson Chevalier Yap Kit Siong ⁽³⁾	1	-	2	2 [^]	-	-	-

Notes:

⁽¹⁾ Mr Norman Ip Ka Cheung stepped down as ARC Chairman on 28 February 2014.

⁽²⁾ Mr Koh Beng Seng was appointed as ARC Chairman on 1 March 2014 and EXCO member on 1 May 2014.

⁽³⁾ Mr Jackson Chevalier Yap Kit Siong retired on 25 April 2014.

[^] Enterprise Risk Management (ERM) forms part of ARC’s scope and responsibilities. During the year, ARC held two separate meetings to discuss ERM matters specifically.

The Group has adopted internal guidelines on matters that require Board’s approval. These principally include broad policy decisions, annual budgets, material acquisitions and disposals of assets, significant legal and financial issues, announceable matters, interested person transactions (IPT), appointment and termination of Directors and key management and other matters as may be considered by the Board from time to time.

Any newly appointed Director is provided with an information package and a formal letter which sets out his duties and obligations as a Director under the various regulations and how these are to be discharged. An in-house orientation programme incorporating briefings from various businesses and corporate units is arranged for a new Director to better familiarise himself with the Group’s businesses and governance practices.

Various training programmes in areas such as accounting, legal, risk management and industry-specific matters are made available to and arranged for the Directors. The Company Secretary brings to the Directors’ attention information on any seminars that may be of relevance to them.

Principle 2: Board Composition and Guidance

The Board comprises seven Independent and Non-Executive Directors namely Mr Tan Ngiap Joo, Mr Chew Leng Seng, Mr Norman Ip Ka Cheung, Mr Koh Beng Seng, Mr Koh Poh Tiong, Dr Michael Lim Chun Leng and Mr David Wong Cheong Fook. They and their immediate family members have no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors’ independent business judgement with a view to the best interests of the Group.

The NC, taking into account the nature of the Group’s operations, considers its current size to be adequate for effective decision making. The NC reviews whether the Board and its Board Committees provide an appropriate

Report on Corporate Governance

balance and diversity of skills, experience, gender and knowledge of the Group. The NC is satisfied that the present Board has an appropriate mix of expertise, experience and independence needed to discharge its duties effectively. The Directors have diverse backgrounds in the banking, accounting, engineering, business and public sectors. They possess core competencies and skills that best contribute to the Board's decision making process. They actively participate in discussions and decision making at the Board and Board Committees levels, as well as in open and candid discussions with management. They review and monitor the performance of management against target goals and objectives.

No individual Board member dominates the Board's decision making and there is sufficient accountability and capacity for independent decision making. Any Director who has conflicting interest with the subject discussed at the meeting would either declare his interest and abstain from voting or recuse himself from the information flow and discussion of the subject matter.

The NC determines annually whether or not a Director is independent based on Code 2012 and the declaration of their independence given by the Board members.

The NC has determined that Mr Norman Ip Ka Cheung be considered independent despite being a Director and the Acting Group CEO of a shareholder who holds 10% or more of the voting shares of the Company. He has demonstrated independence in character and judgement in the discharge of his responsibilities as a Director and Chairman of Corporate Office of the Company.

The NC has determined that Dr Michael Lim Chun Leng be considered independent and has the ability to discharge his duties as Board and Board Committee member despite having served the Board beyond nine years since March 2000. He has always demonstrated the essential characteristics of independence expected by the Board by expressing his views and debating issues objectively with management. His length of service and in-depth knowledge of the Group's businesses are highly valued by the Board.

Profiles of the above-mentioned Directors are found on pages 10 and 11 of this Annual Report.

Principle 3: Chairman and CEO

Mr Jackson Chevalier Yap Kit Siong retired from his position as Group Managing Director and CEO on 29 January 2014. Upon his retirement, the Group established a Corporate Office chaired by Mr Norman Ip Ka Cheung, an Independent and Non-Executive Director, supported by Mr Wong Hein Jee, Chief Financial Officer and Mr Tan Chee Keong Roy, Chief Strategy Officer (the "Corporate Office"). The Corporate Office is tasked to lead management in the execution and implementation of operational and strategic plans effectively and to facilitate the smooth integration of UEL with WBL. The management is accountable to the Board, and its performance is reviewed and monitored by the Board regularly.

The Chairman's position is independent and non-executive in nature, and relates to the workings of the Board as a whole. He focuses on leading the Board to ensure its effectiveness in all aspects of its role and setting its agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues. He plays a significant leadership role by providing clear oversight, advice and guidance to management. He ensures that the Directors receive complete, adequate and timely information. At Board meetings, he promotes a culture of openness and ensures Non-Executive Directors are able to communicate freely and contribute effectively. He also ensures that the Company maintains high standards of corporate governance.

At shareholders' meetings, the Chairman plays an important role in promoting constructive dialogue between shareholders, the Board and management.

The roles and responsibilities of the Chairman and the Corporate Office are distinct and separate. The Chairman and the members of the Corporate Office are not related to each other.

Report on Corporate Governance

Principle 4: Board Membership

The NC is chaired by Mr Chew Leng Seng and its members comprise Mr Tan Ngiap Joo and Mr David Wong Cheong Fook. All NC members including the Chairman are Independent and Non-Executive Directors who are not, and are not directly associated with a substantial shareholder.

The NC meets at least once a year and more often if required. In FY 2014, NC had two meetings and its primary functions are to:

- (i) review and make recommendations to the Board for the appointment of Directors and members to the Board Committees;

The NC has put in place a formal and transparent process for the appointment of new Directors to the Board. This process involves identifying, reviewing and recommending potential candidates to the Board for consideration.

Members who have identified suitable candidates submit the bio-data of such candidates to NC for discussion and review. Generally, these candidates are identified through the business network of Board members, and would be skilled in core competencies such as strategic planning and have business or management expertise as well as finance and industry knowledge.

If NC considers the candidate to be suitable, NC will then recommend its choice to the Board. Meetings with such candidates may be arranged to facilitate open discussions, firstly with the Board members, and subsequently with key management. Upon appointment, the Company will send out a formal letter setting out the Director's roles and responsibilities and the new Director will then attend various briefings with management.

- (ii) determine annually whether or not a Director is independent and recommend the re-election of Directors to the Board as may be appropriate;

Article 99 of the Articles provides for one-third of the Company's Directors to retire by rotation every year, and this has been consistently adhered to. In addition, a new Director appointed by the Board will submit himself for re-election at the AGM immediately following his appointment. Thereafter, he is subject to retire under Article 99 of the Articles. Directors who are above the age of 70 are also statutorily required to seek re-appointment at each AGM.

The Directors who are seeking re-election at the forthcoming AGM on 24 April 2015 are set out in the Notice of AGM on pages 185 and 187 of this Annual Report.

- (iii) assess the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board annually through a formal Board and Individual Director Evaluation Exercise;
- (iv) decide whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, especially for Directors with multiple board representations;
- (v) re-nominate a Director having regard to his contribution and performance (e.g. attendance, preparedness, participation and candour) and whether he is able to adequately discharge his duties, including, if applicable, as an Independent Director; and
- (vi) propose objective performance criteria to evaluate the Board's performance.

Non-Executive Directors will serve a maximum of two terms and thereafter the Board will exercise its discretion whether to extend the tenure of the Non-Executive Directors.

Report on Corporate Governance

The NC is satisfied that sufficient time and attention is given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple board representations. Hence, there is presently no need to implement internal guidelines to address their competing time commitments. The NC is of the view that the multiple board representations held presently by the Directors are acceptable and do not impede their performance in carrying out their duties to the Company and in fact, enhance the performance of the Directors as these broaden the experience and knowledge of the Board.

Principle 5: Board Performance

The NC has implemented a formal Board and Individual Director Evaluation Exercise which takes into account various criteria, including Board size and composition, attendance, adequacy of preparation, performance at meetings, communication with management, accountability, specialist knowledge and quality of decision making. The evaluation and feedback are then consolidated and presented to the Board for discussion on areas of strengths and weaknesses to improve the effectiveness of the Board and Board Committees.

As the Company is classified as being multi-industry, there are no directly relevant comparisons that it can undertake vis-à-vis its industry peers. The individual evaluations also take into account the contributions of each Director and their commitment in terms of time and effort spent on the Company's matters.

Principle 6: Access to Information

All Directors have direct and independent access to the Company Secretary as well as management. The Company Secretary, under the direction of the Chairman, is responsible for ensuring good information flow within the Board and Board Committees and between management, as well as facilitating orientation and assisting with professional development of Directors as required. The Company Secretary attends all Board meetings and is also responsible for ensuring that the Board's procedures and applicable rules and regulations are complied with. The appointment and removal of the Company Secretary has to be deliberated on and decided by the Board as a whole.

For purpose of best practices, the Board and Board Committees meetings are usually scheduled one year in advance to facilitate the Directors' individual schedules. Board papers and briefing notes including management accounts and commentaries on the Group's performance are usually submitted at least three working days in advance.

Internal guidelines have been adopted to ensure that the Board may consult with professional advisors, costs of which are borne by the Company, as may be necessary to assist them in discharging their duties.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

The RC is chaired by Dr Michael Lim Chun Leng and its members comprise Mr Tan Ngiap Joo and Mr Koh Poh Tiong. All RC members including the Chairman are Independent and Non-Executive Directors. All RC members have adequate knowledge of compensation matters. The RC has been formed and guided by its terms of reference.

Report on Corporate Governance

The RC meets at least once a year and more often if required. In FY 2014, RC had five meetings and its primary functions are to:

- (i) evaluate and propose payment of Directors' Fees for the approval of members in shareholders' meeting; and
- (ii) recommend to the Board a framework of remuneration and specific remuneration packages for Directors and key management including the CEO. For the sole Executive Director (who is the CEO) and key management, the framework takes into account all aspects of executive remuneration including salaries, allowances, bonuses, options and benefits in kind. The RC benchmarks the framework against pay and employment conditions within the industry and structures the same so as to link rewards to corporate and individual performance.

The proposed Directors' Fees structure for FY 2014 was adjusted to reflect the increased governance responsibilities of the Board and Board Committees and to reflect market-competitive fee levels of similar sized companies.

The RC has direct and independent access to the Head, Group Human Resources, who attends all RC meetings.

In FY 2014, there were no termination, retirement and post-employment benefits that may be granted to Directors, the CEO and the top five key management.

The Company does not employ any immediate family member of the Directors or the CEO of the Company.

Directors' Fees are proposed in accordance with a framework comprising basic fees and additional fees for other duties or serving on specialised committees. FY 2014 Directors' Fees set out below are subject to the shareholders' approval at the forthcoming AGM of the Company.

Directors' Remuneration

Directors	Directors' Fees \$	Salary \$	Bonus \$	Other Benefits \$	Special Fee ⁽¹⁾ \$	Total \$
Mr Tan Ngiap Joo	250,000	-	-	12,540	-	262,540
Mr Chew Leng Seng	123,000	-	-	-	-	123,000
Mr Norman Ip Ka Cheung	119,849	-	-	-	237,500	357,349
Mr Koh Beng Seng	123,641	-	-	-	-	123,641
Mr Koh Poh Tiong	90,000	-	-	-	-	90,000
Dr Michael Lim Chun Leng	127,000	-	-	-	-	127,000
Mr David Wong Cheong Fook	111,000	-	-	-	-	111,000
Mr Jackson Chevalier Yap Kit Siong ⁽²⁾	-	190,000	825,000	400,530	-	1,415,530

⁽¹⁾ Special Fee will only be paid upon approval by the shareholders at the forthcoming AGM of the Company. This is to compensate Mr Norman Ip Ka Cheung for his responsibilities and duties assumed over and above the normal duties and responsibilities associated with the office of a Non-Executive Director.

⁽²⁾ Mr Jackson Chevalier Yap Kit Siong retired on 25 April 2014.

Key Management Remuneration

The Company adopts a remuneration policy for staff comprising fixed and variable components in the form of base salary and variable bonus that is linked to the Company's and the individual's performance. Compensation packages and revisions of key management's remuneration are subject to the review and approval of RC.

Report on Corporate Governance

Given the highly competitive industry conditions and in the interest of maintaining good morale and a strong spirit of teamwork within the Group, the disclosure relating to the top five key management (who are not Directors) of the Group have been made within bands of \$250,000. For more information on the aggregate total remuneration paid to all key management (including top five key management), please refer to Note 35 in the Notes to the Financial Statements on page 151 of this Annual Report.

<u>Remuneration Bands</u>			<u>No. of Executives</u>
\$250,000	-	\$500,000	2
\$500,001	-	\$750,000	1
*\$1,000,000	-	\$1,250,000	1
*\$1,500,000	-	\$1,750,000	1

* These include key management who resigned during FY 2014.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

On a regular basis, management prepares and submits proposals and financial reports for the Board's consideration by way of internal memos or management papers setting out the background, explanatory information and their recommendations. These are supported with disclosure documents, budgets and forecasts. Any material variance between the budgets and actual results will be disclosed and explained to the Board.

To promote shareholders' confidence and compliance to SGX-ST regulatory requirements, the Company releases announcements including its quarterly and full year financial results through SGXNET for market dissemination. These provide the shareholders, members of the public as well as investors a balanced and informed assessment of the Group's performance, position and prospects.

Principle 11: Risk Management and Internal Controls

The ERM forms part of ARC's scope and responsibilities. During the year, ARC held two separate meetings to discuss ERM matters specifically and was supported by the Chairman of Corporate Office and other senior executives for the Company. The ARC also oversees management in the formulation, update and maintenance of an adequate and effective risk management framework.

The Group promotes the standardisation of policies, processes and internal control procedures throughout its operations. This is achieved in part through the Group's long-established Group Operations Manual which provides a framework for quality management systems and assurance processes.

On an annual basis, the Group's internal auditor prepares an audit plan taking into consideration the risks identified. This plan is approved by ARC and audits are conducted to assess the adequacy and effectiveness of the Group's system of internal controls in addressing financial, operational, information technology and compliance risks. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to ARC. The external auditor also reports to ARC on matters relating to internal financial controls which came to their attention during the course of their normal audit and provides related recommendations for improvements. The ARC reviews the effectiveness of the actions taken by management on the recommendations made by the internal and external auditors in this respect.

The Group had established an ERM system in FY 2009 in line with international best practices, including a comprehensive set of management systems, organisational structures, policies, processes and Group standards to conduct its business and deliver returns for shareholders.

Report on Corporate Governance

The Group's clear business structures and transparent business practices are closely integrated with its risk management system. Key risks are reported and managed upstream in a consistent manner to complement business planning, ensure appropriate intervention and promote knowledge sharing processes.

The ERM system is based on ISO 31000:2009 that focuses on four dimensions of (i) commitment and mandate, (ii) structure and accountability, (iii) communication and training, (iv) review and improvement. This is to ensure that strategic and operational objectives are achieved; reporting is reliable; all relevant laws and regulations are complied with; as well as a responsible corporate governance is facilitated through an informed approach by the Board and Board Committees to consider any form of risks and internal control are being operated for managing the various risks throughout the year.

The Company maintains a Risk Register setting out the key risks and the implemented internal controls to manage and mitigate those risks. The ARC and the Board review the Risk Register annually. The effectiveness of the risk management and internal control systems is reviewed by ARC. The Board has received written assurance from the Chief Financial Officer that:

- (a) the financial records of the Group have been properly maintained and the financial statements for the year ended 31 December 2014 give a true and fair view of the Group's operations and finances; and
- (b) the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

Based on the ERM system in place, internal controls established and maintained by the Group, work performed by the internal auditor, statutory audit conducted by the external auditor, and reviews performed by management, various Board Committees and the Board, the Board is of the opinion with the concurrence of ARC that the Group's internal controls addressing financial, operational and compliance risks are adequate.

The system of internal controls and ERM established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board, however, notes that no system of internal controls and ERM can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision making, human errors, losses, fraud or other irregularities.

Principle 12: Audit Committee

The ARC is chaired by Mr Koh Beng Seng and its members comprise Dr Michael Lim Chun Leng and Mr David Wong Cheong Fook. All ARC members including the Chairman are Independent and Non-Executive Directors. Most of the ARC members are actively involved in various commercial organisations, and have related financial management experience. The NC is of the view that ARC members have sufficient financial management expertise and experience to discharge ARC's functions.

The ARC meets at least four times a year. In FY 2014, ARC had eight meetings and its primary functions are to:

- (i) review the scope and results of the audit, its cost effectiveness and the independence and objectivity of the external auditor;
- (ii) review the nature and extent of the external auditor's non-audit services to the Group, seeking to balance the maintenance of objectivity and value from the services provided;
- (iii) review the quarterly, half yearly and full year financial statements of the Group prior to their submission to the Board;
- (iv) review the significant financial reporting issues and judgement made by management so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the financial performance of the Group;

Report on Corporate Governance

- (v) review IPT to ensure compliance with the Listing Manual of the SGX-ST;
- (vi) review the adequacy of the Group's internal financial controls, operational and compliance controls, information technology controls and risk management policies and systems (collectively, "internal controls");
- (vii) review the effectiveness of the Group's internal controls, internal audit plan and function;
- (viii) make recommendations to the Board on the appointment and re-appointment of both the external and internal auditors, and approve the remuneration and terms of engagement thereof;
- (ix) review the assessment and monitoring of all risks associated with the investments and operations of the Group;
- (x) review the effectiveness of internal compliance and control systems and procedures to manage risk, and recommend to the Board in relation to risk management strategy and policy framework; and
- (xi) consider and report to the Board on any material changes to the risk profile of the Group.

The ARC has full access to and cooperation from management, and has the discretion to invite any Director or executive to attend its meetings where necessary. The ARC also has explicit power to investigate any matter brought to its attention within its terms of reference, and will be granted reasonable resources to enable it to discharge its function properly, including seeking external professional advice.

The Group has put in place, and ARC has endorsed, arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective for such arrangements is to ensure independent investigation and appropriate follow-up actions on such matters. The arrangements provide for investigation to be undertaken by the Whistle Blowing Committee, whose Chairman reports directly to ARC.

The ARC met with the external auditor to discuss the results of their examinations and matters relating to internal financial controls which came to their attention during the course of their statutory audit and related recommendations for improvements. In addition, updates on changes in accounting standards and treatment are prepared by the external auditor and circulated to ARC members periodically for their information. The ARC meets with the internal and external auditors of the Company, without the presence of management, at least once a year.

The ARC confirms that it has undertaken a review of all non-audit services provided by Ernst & Young LLP and is satisfied that the nature and extend of such services would not, in the ARC's opinion, affect the independence of Ernst & Young LLP as auditor. The breakdown of their fees for audit and non-audit services is found on Note 8 in the Notes to the Financial Statements on page 101 of this Annual Report.

Accordingly, the ARC has also recommended the re-appointment of Ernst & Young LLP as external auditor of the Company. The ARC is satisfied that the Group has complied with Rule 712 and Rule 715 of the Listing Manual of the SGX-ST in relation to the appointment of auditing firms.

The ARC has the authority to seek any information it requires from any staff of the Group. They make recommendations to the Board but shall have no executive powers in relation to the findings and recommendations. The ARC shall make recommendations to take such independent professional advice as it deems necessary.

Principle 13: Internal Audit

Internal audits are performed in accordance with the risk-based audit plan approved by ARC. The scope of the audit work was performed by the in-house Internal Audit Department (with PricewaterhouseCoopers LLP as the co-sourcing partner) and the audit plan focused on the adequacy and effectiveness of the risk management and internal controls. All audit findings and recommendations are reviewed by ARC and management will take the appropriate actions to improve the internal controls and mitigate risk. The ARC is satisfied that there are adequate controls and measures within the Group, and will continue to review the same on an annual basis.

Report on Corporate Governance

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

Principle 15: Communication with Shareholders

Principle 16: Conduct of Shareholders' Meetings

The Company treats all its shareholders fairly and equitably and keeps them abreast of its corporate actions, including changes in the Company or its business that would likely materially affect the price or value of its shares in a timely and consistent manner. It does not practice selective disclosure as all price-sensitive information is released through SGXNET for market dissemination. The Group strives to provide a balanced and understandable assessment of its performance and financial effects when disseminating financial and other price-sensitive public reports. The shareholders who sign up for email alert services will receive such disclosure via email.

In 2014, the Group has announced its financial results together with the requisite commentaries, on a quarterly basis via SGXNET and has also posted the same on its website (www.uel.sg) as well as financial portal www.shareinvestor.com. A summary of the activities and performance of the Group is recorded each year in the Annual Report which is distributed to all shareholders as well as business associates of the Group. In addition, major events such as the award of large or significant contracts, major acquisition or divestment of assets and other newsworthy events, had been featured in various press releases and other publications. Investors and members of the public may also access the Group's website for more information.

During the shareholders' meetings, the Company ensures that shareholders are briefed on the rules, including voting procedures that govern such meetings. Upon conclusion of the shareholders' meeting, the results on resolutions are announced after the shareholders' meetings via SGXNET. The Articles provide appropriate provisions to allow the shareholders to vote in person or in absentia through proxies.

For shareholders present in person, the Company has introduced the system of voting by poll and results of each resolution put to vote at the shareholders' meetings are announced with details of the percentages voting in favour and against.

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the shareholders' meetings.

Minutes of shareholders' meetings are recorded and are available for shareholders' inspection upon their requests.

All Directors, including the Chairman of each Board Committee, are present and available to address questions at the shareholders' meetings. The external auditor is also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report.

DIVIDEND POLICY

While the Company has not formally instituted a dividend policy, it has a good track record of paying annual dividends to shareholders. In proposing any dividend payout and/or determining the form, frequency and/or the amount of such dividend payout, the Board will take into account, *inter alia*, the Group's financial position retained earnings, the results of operation and cash flow, the Group's expected working capital requirements and capital expenditure, the future expansion, investment plans and other funding requirements, general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group.

Report on Corporate Governance

The Board strives to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend payout.

ADDITIONAL COMMITTEE

The Company has formed one more Board Committee to facilitate the Board to make decisions on specific matters. EXCO has been formed and guided by its specific terms of reference.

EXCO

The EXCO is chaired by Mr Tan Ngiap Joo and its members comprise Mr Chew Leng Seng, Mr Norman Ip Ka Cheung and Mr Koh Beng Seng.

The EXCO shall comprise three and not more than four Board members. Notwithstanding any vacancy in their body, the continuing EXCO members may act so long as the number of EXCO members does not fall below three. Their main role is to carry out the Board functions and to exercise oversight over management as well as evaluate in greater depth the proposals set out by management and in turn recommend to the Board for approval if necessary.

In FY 2014, EXCO had four meetings and additional meetings are convened when circumstances required. Its primary functions are to:

- (i) review, evaluate and approve the Company's policies, principles, strategies, values, objectives and performance targets within parameters set by the Board;
- (ii) review, evaluate and approve investments and divestments and related policies within parameters set by the Board;
- (iii) review, evaluate, approve and endorse such other matters and initiate any special reviews and actions as appropriate for the prudent management of the Company;
- (iv) review and forward specific issues where the Board's policy guidance is required and recommend the said policies to the Board for approval in full session; and
- (v) review, evaluate and approve any specific projects or issues which may, from time to time, be delegated by the Board.

INTERESTED PERSON TRANSACTIONS

The Company has renewed the IPT Mandate at the AGM held on 25 April 2014. The IPT Mandate defines the levels and procedures to obtain approval for such transactions. The Company maintains a register of the Group's IPT in accordance with the reporting requirements stipulated by Chapter 9 of the Listing Manual of the SGX-ST. Details of the IPT Mandate are disclosed in the Letter to Members. Information on IPT for FY 2014 can be found on page 181 of this Annual Report under Other Information Required under the SGX-ST Listing Manual.

Report on Corporate Governance

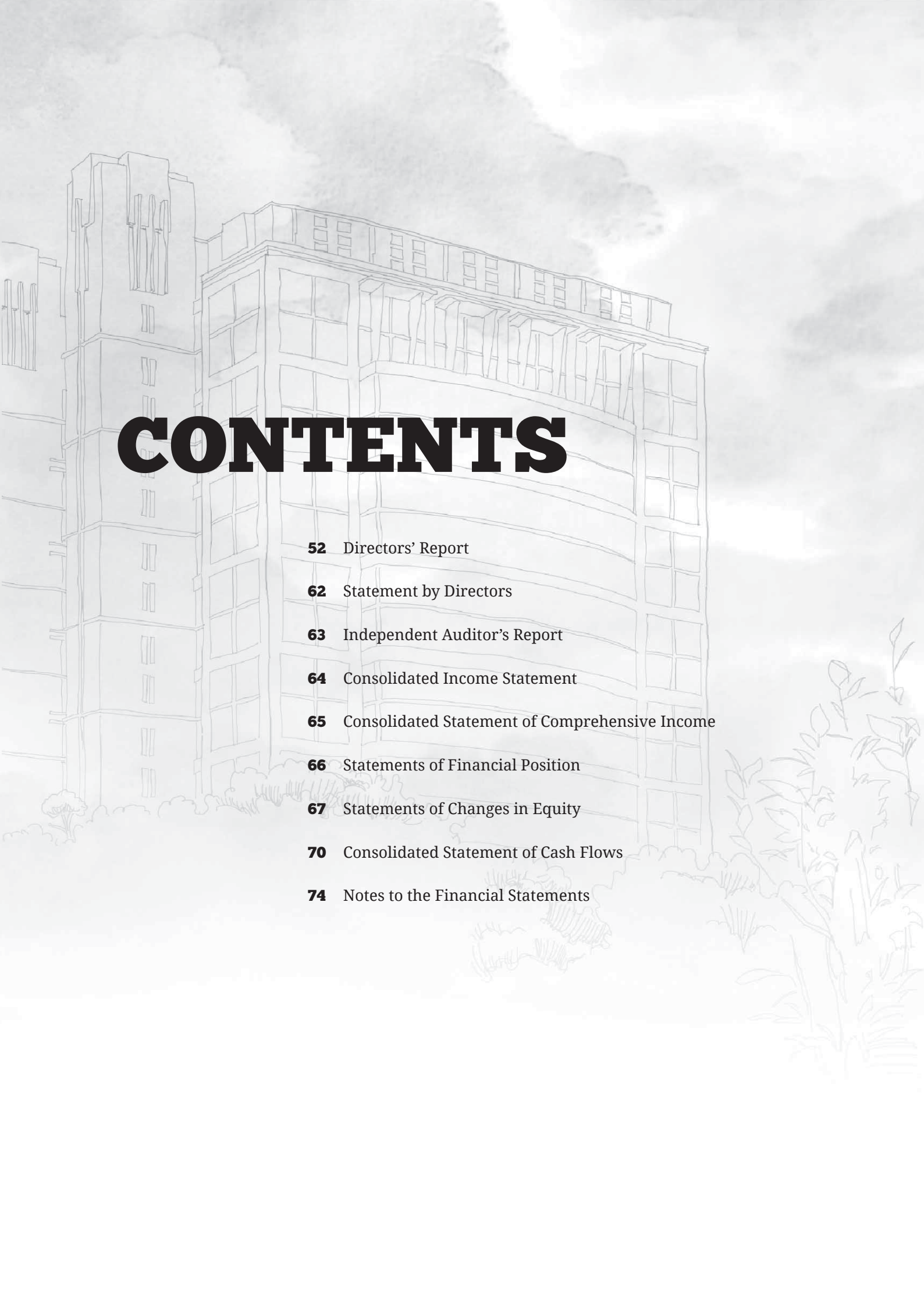
DEALINGS IN SECURITIES

The internal code of Best Practices for Dealings in Securities (the “Best Practices”) of the Group has been issued to its Directors and officers for compliance. In compliance with Rule 1207(19) of the Listing Manual of the SGX-ST, Directors and officers of the Group are not permitted to deal with the listed securities of the Group two weeks before the release of the Group’s financial results for the first three quarters and one month before the release of the Group’s full year results.

The Company, Directors and officers are also prohibited from dealing with the listed securities of the Group while in possession of unpublished price-sensitive information. In addition, they are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

The Directors and officers are also discouraged from dealing with the listed securities of the Group on short-term consideration.

Overall, the Board is satisfied with the Group’s Best Practices, and with the adequacy of internal controls within the Group.

A faint, artistic line drawing of a modern multi-story building with a curved facade and many windows. In the foreground, there are sketches of bushes and trees. The sky is filled with soft, wispy clouds.

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Directors' Report

The directors are pleased to present their report to the members together with the audited consolidated financial statements of United Engineers Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2014.

DIRECTORS

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

Tan Ngiap Joo (Chairman)
Chew Leng Seng
Norman Ip Ka Cheung
Koh Beng Seng
Koh Poh Tiong
Dr Michael Lim Chun Leng
David Wong Cheong Fook

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in the ordinary stock units and share options of the Company and ordinary shares in its related corporations (other than wholly-owned subsidiaries) as stated below:

The Company Name of Director	Held in the name of director		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Ordinary Stock Units				
Tan Ngiap Joo	89,850	89,850	—	—
Chew Leng Seng	65,372	65,372	—	—
Dr Michael Lim Chun Leng	144,776	144,776	—	—

Directors' Report

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES *(continued)*

Related Corporation Name of Director	Held in the name of director		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
UE E&C Ltd.*				
	Ordinary Shares			
Chew Leng Seng	50,000	—	—	—
Norman Ip Ka Cheung	50,000	—	—	—
David Wong Cheong Fook	50,000	—	—	—

* UE E&C Ltd. ceased to be a subsidiary of the Company on 29 December 2014.

MFS Technology Ltd

	Ordinary Shares			
David Wong Cheong Fook	100,000	100,000	12,500	12,500

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2015.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company or of its subsidiaries or related corporations, either at the beginning or at the end of the financial year and on 21 January 2015.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except as disclosed in the notes to the financial statements.

OPTIONS

By the Company

United Engineers Share Option Scheme 2000 ("Scheme 2000")

The United Engineers Share Option Scheme 2000 was approved by the members of the Company at an Extraordinary General Meeting held on 21 June 2000. The duration of Scheme 2000 is for 10 financial years commencing from the financial year 2000. Scheme 2000 incorporated features designed to enhance the efficacy of share options as incentive tools, and to reinforce the use of a share option scheme as a means to encourage long-term staff retention. The existing Scheme 2000 expired in financial year 2009.

Directors' Report

OPTIONS (continued)

United Engineers Share Option Scheme 2000 ("Scheme 2000") (continued)

Movement in the number of options under Scheme 2000 during the financial year was as follows:

Date of grant	Exercise period	Exercise price	Balance as at 01.01.2014	No. of shares under option exercised during the financial year	No. of shares under option forfeited during the financial year	Balance as at 31.12.2014
25.11.2004	25.11.2005 to 24.11.2014	\$1.43	245,911	245,911	–	–
30.11.2005	30.11.2006 to 29.11.2015	\$1.63	479,126	260,361	98,482	120,283
27.11.2006	27.11.2007 to 26.11.2016	\$1.90	723,252	299,955	189,333	233,964
6.12.2007	6.12.2008 to 5.12.2017	\$3.31	1,535,040	–	400,494	1,134,546
20.05.2009	20.05.2010 to 19.05.2019	\$1.36	185,990	50,980	251	134,759
			3,169,319	857,207	688,560	1,623,552

The aggregate number of options granted since the commencement of the Scheme 2000 in year 2000 (including adjustments made to the number of outstanding (unexercised) options as at 18 September 2013) is 21,157,201.

Controlling shareholders of the Company and their associates are not eligible to participate in Scheme 2000. No participant has received 5% or more of the total number of options available under Scheme 2000. No options were granted at a discount since the commencement of Scheme 2000.

The options granted by the Company do not entitle the holders of the options, by virtue of such options, any right to participate in any share issue of any other company. The exercise price in respect of which an option is exercisable shall be equal to the average of the last dealt price for a stock unit of the Company for the 3 consecutive days immediately preceding the date of grant of that option.

Directors' Report

OPTIONS (continued)

By subsidiaries

- (a) MFS Technology Ltd ("MFS")
MFS Share Option Scheme ("MFS Scheme")
MFS Share Appreciation Rights Plan ("MFS SAP") and Performance Share Plan ("MFS PSP")

MFS Scheme

The MFS Scheme in respect of unissued ordinary shares in the capital of MFS was approved by the shareholders of MFS at the extraordinary general meeting on 28 December 2001. The MFS Scheme is administered by the Remuneration Committee of MFS ("MFS RC").

Under the MFS Scheme, share options are granted to employees and directors of the MFS Group. The options are vested one year after the date of grant and are exercisable thereafter for a contractual term of nine years in the case of executives (including executive directors) and four years in the case of non-executive directors of MFS or any of its subsidiaries.

The exercise price of the granted options is equal to the average of the last dealt prices of MFS ordinary shares on the SGX-ST for the three consecutive market days immediately preceding the date of grant.

During the financial year, no options were granted pursuant to the MFS Scheme. All outstanding share options granted under the MFS Scheme expired or lapsed upon completion of the disposal of MFS subsidiaries on 18 November 2014.

Movement in the number of MFS share options during the financial year was as follows:

Date of grant	Exercise period	Exercise price	Balance as at 01.01.2014	Shares under option lapsed during the financial year	Balance as at 31.12.2014
19.05.2005	19.05.2006 to 18.05.2015	\$0.585	902,750	902,750	-

MFS SAP and MFS PSP

The MFS SAP and MFS PSP were approved by shareholders of MFS at the extraordinary general meeting of MFS on 30 July 2008.

The MFS SAP and MFS PSP awards of fully paid-up ordinary shares in MFS ("Awards"), their equivalent cash value or combinations thereof will be granted, free of payment, to selected employees (including executive directors) of MFS Group. Non-executive directors of MFS Group will not be eligible to participate in the MFS SAP and MFS PSP.

The selection of an employee and the number of shares, which are the subject of each Award to be granted to an employee in accordance with MFS SAP and/or MFS PSP, shall be determined at the discretion of MFS RC taking into account criteria such as his rank, job performance, and contribution to the success and development of the MFS Group.

The final number of share appreciation rights ("SARs") under MFS SAP and/or performance shares ("PS") under MFS PSP will depend on the achievement of pre-determined target(s) at the end of one-year performance period of MFS. No SARs and/or PS will be vested if the threshold target(s) are not met at the end of the performance period. More SARs and/or PS could be awarded, up to a maximum of 200% of the baseline award, if superior target(s) are met.

Directors' Report

OPTIONS (continued)

- (a) **MFS Technology Ltd ("MFS") (continued)**
MFS Share Option Scheme ("MFS Scheme") (continued)
MFS Share Appreciation Rights Plan ("MFS SAP") and Performance Share Plan ("MFS PSP") (continued)

MFS SAP and MFS PSP (continued)

The MFS RC is authorised to grant MFS SAP and/or MFS PSP Awards and to allot and issue from time to time such number of fully paid-up shares as may be required to be allotted and issued pursuant to the vesting of Awards under the respective plans. The aggregate number of shares granted under MFS SAP and/or MFS PSP, which may be issued pursuant to Awards, shall not exceed 10% of the total number of issued shares of MFS from time to time.

The MFS RC has the discretion under the MFS SAP and PSP to settle in cash instead of shares.

In December 2012 in view that some of the overseas recipients do not have a securities account with the Central Depository Pte Limited for the credit of shares and that the settlement will result in fractional shares, the MFS RC has decided to settle the awards in cash.

This resulted in a reclassification from an equity-settled share-based payment to a cash-settled share-based payment (liability). At the date of modification, the fair value of the MFS SAP and MFS PSP liability were re-measured using the fair value of the equity-settled award on the modification date. This amount was recognised as a liability, with a corresponding reduction of the share option reserve.

The liability is re-measured to its fair value at each subsequent reporting date until the settlement of the MFS SAP and MFS PSP. Any changes in fair value of the liability will be recorded in the income statement.

During the financial period ended 31 December 2013, the final tranche of MFS PSP awards granted on 1 December 2009, MFS PSP awards granted on 6 March 2012, and MFS PSP awards granted on 5 December 2012 that vested on 2 December 2013 were settled in cash.

During the financial year, the MFS RC amended the vesting date for the final tranche of PSP awards granted on 5 December 2012 from 1 December 2014 to 1 November 2014 and settled them in cash. There are no outstanding PS at the end of the financial year.

Movement in the number of PSs during the financial year was as follows:

Date of grant	Vesting date	Balance as at 01.01.2014	PS granted during the financial year	PS granted on achievement of predetermined targets during the financial year	PS paid/vested/lapsed during the financial year	Balance as at 31.12.2014
05.12.2012	01.11.2014	2,069,185	-	-	2,069,185	-

During the financial year, all outstanding SARs were exercised and settled in cash.

Movement in the number of SARs during the financial year was as follows:

Date of grant	Vesting date	Balance as at 01.01.2014	SARs granted during the financial year	SARs paid/vested/lapsed during the financial year	Balance as at 31.12.2014
06.03.2012	01.12.2012 to 01.12.2013	11,862,000	-	11,862,000	-

Directors' Report

OPTIONS *(continued)*

- (b) **Multi-Fineline Electronix, Inc. ("MFLEX")**
Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan")
Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan")

MFLEX Stock Options

At MFLEX's annual meeting of stockholders on 5 March 2014, MFLEX's stockholders approved the MFLEX 2014 Equity Incentive Plan. Upon stockholder approval of the MFLEX 2014 Equity Incentive Plan, MFLEX 2004 Stock Incentive Plan, as amended and restated to date was terminated. The MFLEX 2014 Equity Incentive Plan is administered by MFLEX's board of directors or a committee thereof (the "Administrator").

The MFLEX 2014 Equity Incentive Plan provides for the granting of stock options, stock appreciation rights ("SSAR" or "SSARs"), restricted share awards and restricted stock units ("RSU") to employees, directors (including non-employee directors), advisors and consultants. Grants under the MFLEX 2014 Equity Incentive Plan vest and expire based on periods determined by the Administrator, but in no event can the expiration date be later than ten years from the date of grant (five years after the date of grant if the grant is an incentive stock option to an employee who owns more than 10% of the total combined voting power of all classes of MFLEX's capital stock). Grants of stock options may be either incentive stock options or non-qualified stock options.

MFLEX's assessment of the estimated fair value of stock options and SSARs granted is affected by MFLEX's stock price as well as assumptions regarding a number of complex and subjective variables and the related tax impact. MFLEX utilises the Black-Scholes option valuation model to estimate the fair value of stock options and SSARs granted. Expected forfeitures are estimated based on the historical turnover of MFLEX's employees. The fair value of service-based RSUs granted is based on the closing price of the MFLEX's common stock on the date of grant.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. This model also requires the input of highly subjective assumptions including:

- (a) expected volatility of MFLEX's common stock price, which MFLEX determines based on historical volatility of MFLEX's common stock;
- (b) expected dividends, which are zero, as MFLEX does not currently anticipate issuing dividends;
- (c) expected term of the stock option or SSAR, which is estimated based on the historical stock option and SSAR exercise behavior of MFLEX's employees; and
- (d) risk free interest rate, which is based on observed interest rates (zero coupon U.S. Treasury debt securities) appropriate for the expected holding period.

No stock options were granted during the financial year.

MFLEX Service and Performance-Based Restricted Stock Units

During the financial year, MFLEX granted service-based restricted stock units ("RSU" or RSUs) equal to 648,528 shares of MFLEX's common stock. These grants were made under the MFLEX 2014 Equity Incentive Plan to certain employees (including executive officers) and directors at no cost to such individuals. Each RSU represents one hypothetical share of MFLEX's common stock, without voting or dividend rights. The RSUs granted to employees generally vest over a period of three years with one-third vesting on each of the anniversary dates of the grant date. Total compensation cost related to RSUs is determined based on the fair value of MFLEX's common stock on the date of grant and is amortised into expense over the vesting period using the straight-line method.

Directors' Report

OPTIONS *(continued)*

- (b) **Multi-Fineline Electronix, Inc. ("MFLEX")** *(continued)*
Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan") *(continued)*
Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan") *(continued)*

MFLEX also grants performance-based RSUs to certain employees (including executive officers) from time to time. For such performance-based RSUs, MFLEX records stock-based compensation cost based on the grant-date fair value and the probability that the performance metrics will be achieved. MFLEX's management generally considers the probability that the performance metrics will be achieved to be a 70% chance or greater ("Probability Threshold"). At the end of each reporting period, MFLEX evaluates the awards to determine if the related performance metrics meet the Probability Threshold. If MFLEX determines that the vesting of any of the outstanding performance-based RSUs does not meet the Probability Threshold, the stock-based compensation expense related to those performance-based RSUs is reversed in the period in which this determination is made. However, if at a future date conditions have changed and the Probability Threshold is deemed to be met, the previously reversed stock compensation expense, as well as all subsequent projected stock-based compensation expense through the date of evaluation, is recognised in the period in which this new determination is made. During the financial year, the Administrator has approved the grant of 383,474 performance-based RSUs.

MFLEX Stock Appreciation Rights

No SSARs were granted during the financial year. During the financial period 2013, the Administrator approved the grant of SSARs to be settled in MFLEX common stock. These grants were made under the MFLEX 2004 Stock Incentive Plan to certain employees (including executive officers) at no cost to such individual. Each SSAR has a base appreciation amount that is equal to the closing price of a share of MFLEX's common stock on each applicable grant date as reported on the NASDAQ Global Select Market. The SSARs granted to employees generally vest either over a period of three years with one-third vesting on each of the anniversary dates of the grant date or may vest completely on the third anniversary date of the grant date and have a contractual life of 10 years. MFLEX's SSARs are treated as equity awards and are measured using the initial compensation element of the award at the time of grant and the expense is recognised over the requisite service period (the vesting period) with an exercise price equal to the stock price on the date of grant. Upon exercise, each SSAR will be settled in MFLEX's common stock. Whole MFLEX shares will be issued based on the percentage of share appreciation between the weighted-average price per share for all grant dates and the fair market value per share on the exercise date, multiplied by the number of SSARs units being exercised. Total compensation cost related to SSARs is recognised over the vesting period and is determined based on the whole number of shares issued multiplied by the grant date fair value.

Details of options, RSUs and SSARs granted previously have been disclosed in the Directors' Reports for the respective years.

Directors' Report

OPTIONS (continued)

- (b) Multi-Fineline Electronix, Inc. ("MFLEX") (continued)
Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan") (continued)
Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan") (continued)

Movement in the number of unissued ordinary shares under options, RSUs and SSARs granted under the MFLEX 2014 Equity Incentive Plan during the financial year were as follows:

Date of grant	Exercise period/ vesting period	Exercise price	Balance as at 01.01.2014	Options granted during the financial year	Shares under option exercised during the financial year	Shares under option lapsed during the financial year	Balance as at 31.12.2014
25.06.2004	25.06.2005 to 25.06.2014	US\$10.00	143,547	-	75,777	67,770	-
04.03.2005	04.03.2006 to 04.03.2015	US\$20.81	15,000	-	-	-	15,000
# 05.12.2008	05.12.2011 to 05.12.2018	US\$10.76	41,237	-	-	-	41,237
# 05.03.2009	05.12.2011 to 05.03.2019	US\$12.70	34,938	-	-	-	34,938
# 05.06.2009	05.12.2011 to 05.06.2019	US\$21.90	20,260	-	-	-	20,260
# 04.09.2009	05.12.2011 to 04.09.2019	US\$28.58	15,524	-	-	-	15,524
# 16.11.2009	16.11.2012 to 30.11.2019	US\$25.96	117,567	-	-	-	117,567
# 15.11.2010	15.11.2011 to 15.11.2020	US\$22.17	108,948	-	-	-	108,948
* 14.11.2011	30.09.2014 @	US\$0.00	110,046	-	110,046	-	-
# 14.11.2011	15.11.2012 to 14.11.2021	US\$19.65	141,107	-	-	-	141,107
# 13.11.2012	15.11.2013 to 15.11.2015	US\$17.90	216,092	-	-	-	216,092
* 18.12.2012	30.09.2015 @	US\$0.00	72,031	-	-	-	72,031
* 24.06.2013	⊕ ⊕ ⊕	US\$0.00	2,100	-	700	1,400	-
* 27.06.2013	⊕ ⊕ ⊕	US\$0.00	118,350	-	29,750	31,300	57,300
* 01.07.2013	⊕ ⊕ ⊕	US\$0.00	3,600	-	1,200	-	2,400
* 14.08.2013	⊕ ⊕	US\$0.00	5,722	-	5,722	-	-
* 08.10.2013	⊕ ⊕ ⊕	US\$0.00	2,100	-	-	2,100	-
* 11.11.2013	⊕	US\$0.00	183,292	-	-	-	183,292
* 11.11.2013	⊕ ⊕ ⊕	US\$0.00	267,427	-	76,540	42,600	148,287
* 13.11.2013	⊕ ⊕ ⊕	US\$0.00	2,100	-	700	-	1,400
* 06.12.2013	05.03.2014	US\$0.00	1,745	-	1,745	-	-

Directors' Report

OPTIONS (continued)

(b) Multi-Fineline Electronix, Inc. ("MFLEX") (continued)

Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan") (continued)
Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan") (continued)

Date of grant	Exercise period/ vesting period	Exercise price	Balance as at 01.01.2014	Options granted during the financial year	Shares under option exercised during the financial year	Shares under option lapsed during the financial year	Balance as at 31.12.2014
* 19.12.2013	◆	US\$0.00	78,553	-	-	-	78,553
* 02.01.2014	◆◆◆	US\$0.00	-	2,100	-	-	2,100
* 04.03.2014	◆◆◆	US\$0.00	-	7,500	-	-	7,500
* 20.03.2014	◆◆◆	US\$0.00	-	2,400	-	2,400	-
* 20.03.2014	05.03.2015	US\$0.00	-	37,116	-	-	37,116
* 29.04.2014	◆◆◆	US\$0.00	-	1,800	-	-	1,800
* 25.09.2014	◆◆◆	US\$0.00	-	2,700	-	-	2,700
* 22.10.2014	01.01.2016 to 01.01.2018	US\$0.00	-	592,812	-	4,500	588,312
* 22.10.2014	◆	US\$0.00	-	383,474	-	-	383,474
* 9.12.2014	◆◆◆	US\$0.00	-	2,100	-	-	2,100

* RSUs.

Stock Appreciation Rights.

◆ vests 25% annually from date of grant.

◆◆ vests 100% one year from date of grant.

◆◆◆ vests 1/3 annually from date of grant.

◆ vests based on performance targets set by MFLEX's management.

@ conversion of performance-based RSUs to service-based RSUs as a result of the change in control that occurred during May 2013.

(c) Pacific Silica Pty Ltd ("PSPL") PSPL Employee Share Option Scheme ("PSPL Scheme")

The PSPL Scheme was established in May 2002 and is administered by a committee which comprises Messrs Ong Kim Teck and Ian Harrison.

During the financial year, no options were granted pursuant to the PSPL Scheme and as at 31 December 2014, there were no outstanding options in respect of unissued shares of PSPL.

Directors' Report

AUDIT & RISK COMMITTEE

The members of the Audit & Risk Committee (ARC) during the financial year and at the date of this report are:

Koh Beng Seng	Chairman, Independent and Non-Executive Director
Dr Michael Lim Chun Leng	Independent and Non-Executive Director
David Wong Cheong Fook	Independent and Non-Executive Director

The ARC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50 (the "Act"). The ARC reviewed the Company's accounting policies and internal controls on behalf of the Board of Directors and performed the functions specified in the Act and Listing Manual of the SGX-ST. In performing its functions, the Committee reviewed the overall scope of both internal and external audits. It met with the Company's internal and external auditors to discuss the results of their examinations and their evaluation of the Company's system of internal accounting controls.

The ARC also reviewed the financial statements of the Company and the consolidated financial statements of the Group as well as the Independent Auditor's Report thereon.

The ARC recommended to the Board of Directors that Ernst & Young LLP be nominated for re-appointment as the external auditor of the Company for the financial year ending 31 December 2015 at the forthcoming Annual General Meeting of the Company.

Further details regarding the ARC are disclosed in the Report on Corporate Governance of the Company's Annual Report for the financial year ended 31 December 2014.

AUDITOR

Ernst & Young LLP has expressed its willingness to accept re-appointment as auditor.

On behalf of the board of directors,

TAN NGIAP JOO
Director

NORMAN IP KA CHEUNG
Director

18 March 2015
Singapore

Statement by Directors

We, TAN NGIAP JOO and NORMAN IP KA CHEUNG, being two of the directors of UNITED ENGINEERS LIMITED, do hereby state that, in the opinion of the directors,

- (i) the accompanying statements of financial position, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors,

TAN NGIAP JOO
Director

NORMAN IP KA CHEUNG
Director

18 March 2015
Singapore

Independent Auditor's Report

To the Members of United Engineers Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of United Engineers Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 64 to 178, which comprise the statements of financial position of the Group and the Company as at 31 December 2014, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore

18 March 2015

Consolidated Income Statement

For the financial year ended 31 December 2014

	Note	2014 \$000	GROUP 2013 ⁽¹⁾ \$000
Continuing operations			
Revenue	4	3,209,321	1,664,921
Cost of sales		(2,794,731)	(1,434,219)
Gross profit		414,590	230,702
Other items of income			
Interest income	5	3,183	1,612
Other income	6	19,380	179,711
Other items of expense			
Distribution costs		(98,610)	(69,933)
Administrative expenses		(172,618)	(167,631)
Finance costs	7	(41,965)	(31,605)
Other expenses		(47,921)	(95,386)
Share of profit/(loss) from equity-accounted associates		97	(1,265)
Share of (loss)/profit from equity-accounted joint ventures		(382)	6,961
Profit before tax from continuing operations	8	75,754	53,166
Income tax expense	9	(35,267)	(40,146)
Profit from continuing operations, net of tax		40,487	13,020
Discontinued operation			
Profit from discontinued operation, net of tax	10	90,055	47,312
Profit net of tax		130,542	60,332
Profit/(loss) attributable to:			
Owners of the Company			
- Continuing operations, net of tax		46,036	89,544
- Discontinued operation, net of tax		77,547	28,516
		123,583	118,060
Non-controlling interests			
- Continuing operations, net of tax		(5,549)	(76,524)
- Discontinued operation, net of tax		12,508	18,796
		6,959	(57,728)
Earnings per stock unit - continuing operations attributable to owners of the Company (cents)			
Basic	11(a)	7.2	18.6
Diluted	11(a)	7.2	18.2
Earnings per stock unit (cents)			
Basic	11(b)	19.4	24.5
Diluted	11(b)	19.4	24.0

⁽¹⁾ The comparative figures have been re-presented to report separately profit and loss items of continuing and discontinued operations (Note 10).

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2014

	GROUP	
	2014 \$000	2013 \$000
Profit net of tax	130,542	60,332
Other comprehensive income		
Items that will not be reclassified to income statement:		
Remeasurements of defined benefit pension plans	(4,161)	–
Items that may be reclassified subsequently to income statement:		
Gains on exchange differences on translation, net of tax	29,192	1,864
Gains on remeasuring available-for-sale financial assets, net of tax	87	11,844
Realisation of reserves on deemed disposal of available-for-sale financial assets, net of tax	–	(1,895)
Realisation of reserves on disposal of available-for-sale financial assets, net of tax	–	(11,922)
Realisation of reserves on deemed disposal of available-for-sale financial assets held through associates, net of tax	–	(19,520)
Realisation of reserves on disposal of subsidiaries, net of tax	(5,324)	–
Share of other comprehensive income from equity-accounted associates, net of tax	(298)	(700)
	23,657	(20,329)
Other comprehensive income, net of tax	19,496	(20,329)
Total comprehensive income	150,038	40,003
Attributable to:		
Owners of the Company	130,312	95,950
Non-controlling interests	19,726	(55,947)
Total comprehensive income for the year	150,038	40,003
Attributable to:		
Owners of the Company		
Total comprehensive income from continuing operations, net of tax	45,581	48,638
Total comprehensive income from discontinued operation, net of tax	84,731	47,312
Total comprehensive income for the year attributable to owners of the Company	130,312	95,950

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

Statements of Financial Position

As at 31 December 2014

	Note	GROUP 2014 \$000	2013 \$000	COMPANY 2014 \$000	2013 \$000
ASSETS					
Non-current assets					
Property, plant and equipment	12	389,315	782,243	23,813	23,766
Investment properties	13	1,847,071	1,870,923	675,100	675,000
Intangible assets	14	30,965	86,938	–	–
Interests in subsidiaries	15	–	–	1,216,472	1,698,498
Interests in associates	16	115,706	195,059	315	315
Interests in joint ventures	17	93,224	114,565	–	–
Deferred tax assets	18	56,522	63,176	–	–
Other investments	19	32,220	32,274	6,808	7,202
Trade and other receivables	21	104	11,499	–	–
Total non-current assets		2,565,127	3,156,677	1,922,508	2,404,781
Current assets					
Inventories	20	122,122	303,099	–	–
Income tax receivables		2,037	2,614	–	–
Trade and other receivables	21	298,343	573,877	44,836	42,352
Other investments	19	–	305	–	–
Gross amount due from customers for contract work	22	39,004	23,953	–	–
Prepayments		12,663	15,601	2,023	1,285
Properties held for sale	23	1,130,137	1,609,536	–	–
Bank balances and deposits	24	650,247	905,399	60,276	38,399
		2,254,553	3,434,384	107,135	82,036
Assets of disposal group classified as held for sale	10	80,734	349,174	–	–
Total current assets		2,335,287	3,783,558	107,135	82,036
Total assets		4,900,414	6,940,235	2,029,643	2,486,817
EQUITY AND LIABILITIES					
Equity					
Share capital	25(a)	807,270	793,811	807,270	793,811
Treasury shares	25(b)	(62,313)	(62,313)	–	–
Retained earnings		1,037,857	943,447	795,743	657,678
Other reserves	26	21,032	36,715	9,694	24,705
Equity attributable to owners of the Company		1,803,846	1,711,660	1,612,707	1,476,194
Non-controlling interests		576,348	809,696	–	–
Total equity		2,380,194	2,521,356	1,612,707	1,476,194
Non-current liabilities					
Provisions	29	102,834	85,929	–	–
Deferred tax liabilities	18	78,076	116,184	–	68
Trade and other payables	30	2,553	15,493	–	–
Borrowings	27	1,383,134	1,769,209	276,068	354,341
Total non-current liabilities		1,566,597	1,986,815	276,068	354,409
Current liabilities					
Provisions	29	14,861	19,584	–	–
Income tax payable		61,511	114,333	4,658	4,580
Trade and other payables	30	508,209	1,114,435	21,210	20,412
Borrowings	27	333,775	1,113,067	115,000	631,222
Gross amount due to customers for contract work	22	3,035	20,059	–	–
		921,391	2,381,478	140,868	656,214
Liabilities of disposal group classified as held for sale	10	32,232	50,586	–	–
Total current liabilities		953,623	2,432,064	140,868	656,214
Total liabilities		2,520,220	4,418,879	416,936	1,010,623
Total equity and liabilities		4,900,414	6,940,235	2,029,643	2,486,817

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

Statements of Changes in Equity

For the financial year ended 31 December 2014

GROUP

	Attributable to owners of the Company						
	Total equity \$000	Equity attributable to owners of the Company \$000	Share capital (Note 25(a)) \$000	Treasury Shares (Note 25(b)) \$000	Retained earnings \$000	Other reserves (Note 26) \$000	Non-controlling interests \$000
Opening balance at 01/01/2014	2,521,356	1,711,660	793,811	(62,313)	943,447	36,715	809,696
Profit for the year	130,542	123,583	–	–	123,583	–	6,959
Remeasurements of defined benefit pension plans	(4,161)	(2,813)	–	–	(2,813)	–	(1,348)
Gains on exchange differences on translation, net of tax	29,192	15,077	–	–	–	15,077	14,115
Gains on remeasuring available-for-sale financial assets, net of tax	87	87	–	–	–	87	–
Realisation of reserves to income statement on disposal of subsidiaries, net of tax	(5,324)	(5,324)	–	–	–	(5,324)	–
Share of other comprehensive income from equity-accounted associate, net of tax	(298)	(298)	–	–	–	(298)	–
Other comprehensive income for the year	19,496	6,729	–	–	(2,813)	9,542	12,767
Total comprehensive income for the year	150,038	130,312	–	–	120,770	9,542	19,726
Contributions by and distributions to owners							
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	12,044	12,044	12,044	–	–	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	1,415	1,415	1,415	–	–	–	–
Equity portion of convertible bonds	(9)	(9)	–	–	–	(9)	–
Transfer of equity component of convertible bonds to retained earnings upon lapse of the conversion option	–	–	–	–	14,658	(14,658)	–
Dividends paid (Note 31)	(43,110)	(43,110)	–	–	(43,110)	–	–
Dividend paid to non-controlling interests	(15,556)	–	–	–	–	–	(15,556)
Total contributions by and distributions to owners	(45,216)	(29,660)	13,459	–	(28,452)	(14,667)	(15,556)
Changes in ownership interests in subsidiaries							
Additional interests in subsidiaries	(133,597)	(8,892)	–	–	–	(8,892)	(124,705)
Contribution from non-controlling interests	984	–	–	–	–	–	984
Dilution of interests in subsidiaries	(690)	(3,662)	–	–	–	(3,662)	2,972
Disposal of interests in subsidiaries	(120,235)	–	–	–	–	–	(120,235)
Employee share option scheme/ share appreciation rights:							
- value of employee services	5,360	2,977	–	–	–	2,977	2,383
Income tax benefit arising from share-based compensation	2,194	1,111	–	–	–	1,111	1,083
Reclassification of reserves to retained earnings upon disposal of interests in subsidiaries	–	–	–	–	2,092	(2,092)	–
Total changes in ownership interests in subsidiaries	(245,984)	(8,466)	–	–	2,092	(10,558)	(237,518)
Total transactions with owners in their capacity as owners	(291,200)	(38,126)	13,459	–	(26,360)	(25,225)	(253,074)
Closing balance at 31/12/2014	2,380,194	1,803,846	807,270	(62,313)	1,037,857	21,032	576,348

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

Statements of Changes in Equity

For the financial year ended 31 December 2014

GROUP

	Total equity \$000	Attributable to owners of the Company					Non-controlling interests \$000
		Equity attributable to owners of the Company \$000	Share capital (Note 25(a)) \$000	Treasury Shares (Note 25(b)) \$000	Retained earnings \$000	Other reserves (Note 26) \$000	
Opening balance at 01/01/2013	1,305,939	1,238,851	327,989	–	854,713	56,149	67,088
Profit/(loss) for the year	60,332	118,060	–	–	118,060	–	(57,728)
Gains on exchange differences on translation, net of tax	1,864	83	–	–	–	83	1,781
Gains on remeasuring available-for-sale financial assets, net of tax	11,844	11,844	–	–	–	11,844	–
Realisation of reserves to income statement on deemed disposal of available-for-sale financial assets, net of tax	(1,895)	(1,895)	–	–	–	(1,895)	–
Realisation of reserves to income statement on disposal of available-for-sale financial assets, net of tax	(11,922)	(11,922)	–	–	–	(11,922)	–
Realisation of reserves to income statement on deemed disposal of available-for-sale financial assets held through associates, net of tax	(19,520)	(19,520)	–	–	–	(19,520)	–
Share of other comprehensive income from equity-accounted associate, net of tax	(700)	(700)	–	–	–	(700)	–
Other comprehensive income for the year	(20,329)	(22,110)	–	–	–	(22,110)	1,781
Total comprehensive income for the year	40,003	95,950	–	–	118,060	(22,110)	(55,947)
Contributions by and distributions to owners							
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	9,968	9,968	9,968	–	–	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	1,528	1,528	1,528	–	–	–	–
Acquisition of treasury shares arising from business combinations	(62,313)	(62,313)	–	(62,313)	–	–	–
Issuance of new ordinary stocks pursuant to Rights Issue	463,644	463,644	463,644	–	–	–	–
Ordinary shares issuance expenses	(9,318)	(9,318)	(9,318)	–	–	–	–
Gain on sale of the Company nil-paid rights held by subsidiary	2,659	2,659	–	–	–	2,659	–
Equity portion of convertible bonds	30	30	–	–	–	30	–
Dividends paid (Note 31)	(30,896)	(30,896)	–	–	(30,896)	–	–
Dividend paid to non-controlling interests	(10,592)	–	–	–	–	–	(10,592)
Total contributions by and distributions to owners	364,710	375,302	465,822	(62,313)	(30,896)	2,689	(10,592)
Changes in ownership interests in subsidiaries							
Acquisition of subsidiaries	825,121	–	–	–	–	–	825,121
Additional interests in subsidiaries	(22,414)	(654)	–	–	–	(654)	(21,760)
Contribution from non-controlling interests	126	–	–	–	–	–	126
Dilution of interests in subsidiaries	4,229	(1,398)	–	–	–	(1,398)	5,627
Employee share option scheme/ share appreciation rights: - value of employee services	2,693	1,519	–	–	–	1,519	1,174
Income tax benefit arising from share-based compensation	949	520	–	–	–	520	429
Reallocation of losses assumed by owners of the Company	–	1,570	–	–	1,570	–	(1,570)
Total changes in ownership interests in subsidiaries	810,704	1,557	–	–	1,570	(13)	809,147
Total transactions with owners in their capacity as owners	1,175,414	376,859	465,822	(62,313)	(29,326)	2,676	798,555
Closing balance at 31/12/2013	2,521,356	1,711,660	793,811	(62,313)	943,447	36,715	809,696

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

Statements of Changes in Equity

For the financial year ended 31 December 2014

COMPANY

	Total equity \$000	Share capital (Note 25(a)) \$000	Retained earnings \$000	Other reserves (Note 26) \$000
Opening balance at 01/01/2014	1,476,194	793,811	657,678	24,705
Profit for the year	168,037	–	168,037	–
Other comprehensive income for the year	(359)	–	–	(359)
Total comprehensive income for the year	167,678	–	168,037	(359)
Contributions by and distributions to owners				
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	12,044	12,044	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	1,415	1,415	–	–
Dividends paid (Note 31)	(44,630)	–	(44,630)	–
Equity portion of convertible bonds	6	–	–	6
Transfer of equity component of convertible bonds to retained earnings upon lapse of the conversion option	–	–	14,658	(14,658)
Total transactions with owners in their capacity as owners	(31,165)	13,459	(29,972)	(14,652)
Closing balance at 31/12/2014	1,612,707	807,270	795,743	9,694
Opening balance at 01/01/2013	869,534	327,989	517,118	24,427
Profit for the year	171,456	–	171,456	–
Other comprehensive income for the year	263	–	–	263
Total comprehensive income for the year	171,719	–	171,456	263
Contributions by and distributions to owners				
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	9,968	9,968	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	1,528	1,528	–	–
Issuance of new ordinary stocks pursuant to Rights Issue	463,644	463,644	–	–
Ordinary shares issuance expenses	(9,318)	(9,318)	–	–
Equity portion of convertible bonds	15	–	–	15
Dividends paid (Note 31)	(30,896)	–	(30,896)	–
Total transactions with owners in their capacity as owners	434,941	465,822	(30,896)	15
Closing balance at 31/12/2013	1,476,194	793,811	657,678	24,705

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2014

	GROUP	
	2014 \$000	2013 \$000
Cash flows from operating activities		
Profit before tax from continuing operations	75,754	53,166
Profit before tax from discontinued operation	100,301	59,300
Profit before tax	176,055	112,466
Amortisation of intangible assets	3,622	4,660
Depreciation of property, plant and equipment	97,229	79,906
Dividend income from other investments	(2,914)	(1,143)
Finance costs	43,264	32,431
Gain on deemed disposal of investments arising from business combination	–	(21,415)
Gain on disposal of available-for-sale financial assets	(37)	(12,326)
Gain on disposal of held for trading investments	–	(507)
Gain on disposal of assets of disposal group classified as held for sale	(1,365)	(115,856)
Gain on disposal of property, plant and equipment	(2,651)	(2,941)
Gain on re-measurement of previously held interest in joint venture	–	(4,638)
Impairment loss on available-for-sale financial assets	–	39
Impairment loss on intangible assets	6,330	13,349
Interest income	(6,584)	(6,572)
Inventories written-down	17,623	8,872
Loss/(gain) on fair value adjustment on held for trading investments	4	(1,560)
Net gain on disposal/liquidation of subsidiaries, associates and joint ventures	(50,780)	(3,020)
Net surplus on revaluation of investment properties	–	(10,884)
Property, plant and equipment written-off	840	131
Properties held for sale written-down	15,858	–
(Reversal of impairment loss)/impairment loss on property, plant and equipment	(21,151)	73,928
Share-based compensation expenses	5,526	–
Share of loss/(profit) from equity-accounted associates and joint ventures	2,845	(5,105)
Unrealised translation gain	(8,184)	(2,264)
Operating cash flows before changes in working capital	275,530	137,551
Properties held for sale		
- Development expenditure	(207,507)	(182,190)
- Proceeds from progress billings	347,934	111,757
Increase in trade and other payables and provisions	88,015	149,736
(Increase)/decrease in trade and other receivables	(62,846)	74,101
Increase in gross amount due from customers for contract work	(32,721)	(4,565)
Decrease in gross amount due to customers for contract work	(17,023)	(9,503)
Decrease/(increase) in inventories	18,716	(52,222)
Cash flows from operations	410,098	224,665
Share-based payments	(149)	(176)
Income taxes paid	(77,081)	(27,410)
Interest paid	(51,890)	(40,128)
Interest received	6,572	6,503
Net cash flows from operating activities	287,550	163,454

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2014

	GROUP	
	2014 \$000	2013 \$000
Cash flows from investing activities		
Acquisition of intangible assets	(607)	(4,717)
Acquisition of non-controlling interests	(133,597)	(22,414)
Acquisition of subsidiaries, net of cash acquired (Note A)	–	(312,268)
Additions to investment properties	–	(836,344)
Disposal of subsidiaries, net of cash disposed of (Note B)	397,203	5,728
Dividends received from associates	584	458
Dividends received from joint ventures	14,116	5,938
Dividends received from other investments	2,914	1,143
Increase in amounts due from associates and joint ventures	(5,846)	(9,922)
Investments in associates	–	(300)
Investments in joint ventures	(3,132)	–
Decrease/(increase) in loans to associates	4,534	(32,825)
Decrease in loans to joint ventures	441	37,513
Placement of restricted deposits	(106,126)	–
Proceeds from dilution of interest in subsidiaries	–	3,231
Proceeds from disposal of available-for-sale financial assets	157	12,326
Proceeds from disposal of assets of disposal group classified as held for sale	16,091	518,000
Proceeds from disposal of intangible assets	68	–
Proceeds from disposal of other investments	–	9,189
Proceeds from disposal of property, plant and equipment	12,163	8,386
Proceeds from settlement of loans extended to disposed subsidiaries	353,326	–
Purchase of other investments	–	(23,286)
Purchase of property, plant and equipment	(77,865)	(81,832)
Properties development expenditure	(126,999)	(155,995)
Net cash flows from/(used in) investing activities	347,425	(877,991)
Cash flows from financing activities		
Contribution from non-controlling interests	984	126
Distribution to shareholders from capital reduction	–	20,234
Decrease in trust receipts and bills payable	(1,146)	(1,192)
Dividends paid	(43,110)	(30,896)
Dividends paid to non-controlling interests of subsidiaries	(15,556)	(10,592)
(Decrease)/increase in short-term loans	(99,923)	72,166
Issuance of shares upon exercise of share options	1,415	1,528
Proceeds from issuance of medium term notes	–	101,830
Proceeds from issuance of new ordinary stocks	–	463,644
Shares issuance expenses	–	(9,318)
Proceeds from long-term loans	141,919	944,705
Repayment of long-term loans	(970,686)	(394,366)
Net cash flows (used in)/from financing activities	(986,103)	1,157,869
Net (decrease)/increase in cash and cash equivalents	(351,128)	443,332
Cash and cash equivalents, beginning balance	888,946	445,614
Cash and cash equivalents, ending balance	537,818	888,946
Cash and cash equivalents comprise:		
Bank balances and deposits (Note 24)	650,247	905,399
Restricted deposits (Note 24)	(106,126)	–
Bank overdrafts (Note 27)	(6,303)	(16,453)
Cash and cash equivalents	537,818	888,946

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2014

Note A: The adjusted fair values of the identifiable assets and liabilities of WBL Group as at the date of acquisition are presented in the following table:-

	GROUP	
	2014 \$000	2013 \$000
Property, plant and equipment	–	773,944
Investment properties	–	32,028
Intangible assets	–	55,956
Investments in associates	–	38,549
Investments in joint ventures	–	104,707
Deferred tax assets	–	49,758
Other investments	–	64,503
Inventories	–	256,502
Trade and other receivables	–	335,512
Properties held for sale	–	658,766
Bank balances and deposits	–	400,640
Assets of disposal group classified as held for sale	–	4,540
Deferred tax liabilities	–	(112,686)
Other long term liabilities	–	(1,851)
Income tax payable	–	(29,796)
Trade and other payables	–	(446,093)
Borrowings	–	(607,987)
Total identifiable assets at fair value	–	1,576,992
Less: Non-controlling interests (remeasured to fair value)	–	(825,121)
Goodwill arising from acquisition	–	18,597
	–	770,468
Consideration transferred for the acquisition		
Purchase consideration (cash)	–	708,192
Purchase of convertible instruments (cash)	–	4,716
Total consideration transferred in cash	–	712,908
Fair value of previously held interest immediately before the acquisition (non-cash consideration)	–	57,560
	–	770,468
Effect of the acquisition of WBL Group on cash flows		
Total consideration transferred in cash	–	712,908
Less: Cash and cash equivalents of subsidiaries acquired	–	(400,640)
Net cash inflow on acquisition	–	312,268

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2014

Note B: The net assets and liabilities arising from the disposal of subsidiaries, associates and joint ventures and the cash flow effects of the disposal/liquidation are as follows:-

	GROUP	
	2014 \$000	2013 \$000
Property, plant and equipment	356,745	425
Investment properties	5,014	–
Properties development costs	441,448	–
Intangible assets	45,740	–
Interests in associates	100,503	–
Interests in joint ventures	16,993	–
Deferred tax assets	5,340	–
Other investments	401	–
Inventories	144,492	1,615
Trade and other receivables	334,869	2,187
Gross amount due from customers for contract work	18,391	1,276
Properties held for sale	152,191	–
Bank balances and deposits	289,445	1,214
Deferred tax liabilities	(44,235)	–
Income tax payables	(10,456)	–
Trade and other payables	(895,011)	(1,533)
Borrowings	(210,001)	(1,323)
Net assets disposed/liquidated	751,869	3,861
Foreign currency translation reserve realised	3,871	61
Less: Deemed disposal of subsidiaries retained as associates and joint venture	(19,636)	–
Less: Non-controlling interests	(120,235)	–
Add: Provisions	20,000	–
Net gain on disposal/liquidation of subsidiaries, associates and joint ventures	50,780	3,020
Total consideration	686,649	6,942
Cash and cash equivalents in subsidiaries disposed/liquidated	(289,446)	(1,214)
Net cash inflow arising from disposal/liquidation	397,203	5,728

Notes to the Financial Statements

For the financial year ended 31 December 2014

1 GENERAL

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

The Company operates in Singapore and its principal activities are those of a holding company and property owner and the provision of management services and deriving income therefrom. The principal activities and place of business of the subsidiaries are set out in Note 15 to the financial statements.

The registered office of the Company is located at:

12 Ang Mo Kio Street 64
#01-01 UE BizHub CENTRAL
Singapore 569088

The principal place of business of the Company is located at:

12 Ang Mo Kio Street 64
#03A-01 UE BizHub CENTRAL
Singapore 569088

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

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

The financial statements are presented in Singapore Dollars (SGD or \$) and all values in the tables are rounded to the nearest thousand (\$000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

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

	Effective date (Annual periods beginning on or after)
Amendments to FRS 19 Defined Benefit Plans: Employee Contributions Improvements to FRSS	1 July 2014
Amendment to FRS 102 Share-based Payment	1 July 2014
Amendments to FRS 108 Operating Segments	1 July 2014
Amendment to FRS 16 Property, Plant and Equipment	1 July 2014
Amendment to FRS 24 Related Party Disclosures	1 July 2014
Amendment to FRS 38 Intangible Assets	1 July 2014
Amendments to FRS 103 Business Combinations	1 July 2014
Amendment to FRS 113 Fair Value Measurement	1 July 2014
Amendment to FRS 40 Investment Property	1 July 2014

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective (continued)

	Effective date (Annual periods beginning on or after)
Amendments to FRS 27 Separate Financial Statements	1 January 2016
Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
Amendments to FRS 107 Financial Instruments: Disclosures	1 January 2016
Amendment to FRS 19 Employee Benefits	1 January 2016
Amendments to FRS 1: Disclosure Initiative	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 115 Revenue from Contracts with Customers	1 January 2017
FRS 109 Financial Instruments	1 January 2018

The Group expects that the adoption of the new standards effective for annual periods beginning 1 July 2014 will have no material impact on the financial statements in the period of initial application. The Group is evaluating the impact on the adoption of new standards effective for annual periods beginning on or after 1 January 2016.

2.4 Basis of consolidation and business combinations

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in the income statement;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to the income statement or retained earnings, as appropriate.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Basis of consolidation and business combinations *(continued)*

Business combinations

Business combinations (other than combinations involving entities or businesses under common control which are accounted for by applying the pooling of interest method) are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in the income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Basis of consolidation and business combinations *(continued)*

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.12(a). In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in the income statement on the acquisition date.

Business combinations involving entities under common control

Business combinations involving entities or businesses under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities or businesses are reflected at their carrying amounts reported in the consolidated financial statements. The retained earnings and other reserves recognised in the combined financial statements are the retained earnings and other reserves of the combining entities or businesses immediately before the combination.

Any difference between the consideration paid and the share capital of the acquired entity or the net tangible asset amount of the acquired business is reflected within equity as merger reserve or deficit. The combined income statement reflects the results of the combining entities or businesses for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities or businesses had always been combined since the date the entities or businesses had come under common control.

2.5 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

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

2.6 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific revenue criteria must also be met before revenue is recognised:

Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Revenue recognition (continued)

Rental income

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

Revenue from construction contracts

Revenue from construction contracts is recognised on the percentage of completion method. Further details can be found in Note 2.18.

Rendering of services

Revenue from services rendered is recognised upon services performed.

Sale of development property held for sale

A development property held for sale is regarded as sold when the significant risks and rewards have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

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

- A contract to construct a property; or
 - A contract for the sale of completed property.
- a) Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.
 - b) Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e. revenue is recognised using the completion of construction method).
 - i) If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the buyer, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses.
 - ii) In Singapore context, INT FRS 115 includes an accompanying note on application of INT FRS 115 in Singapore which requires the percentage of completion method of revenue recognition to be applied to sale of private residential properties in Singapore prior to completion of the properties that are regulated under the Singapore Housing Developers (Control and Licensing) Act (Chapter 130) and uses the standard form of sale and purchase agreements (SPAs) prescribed in the Housing Developers Rules.

In the above situations (i) and (ii), the percentage of work completed is measured based on the costs incurred up until the end of the reporting periods as a proportion of total costs expected to be incurred.

Service concession arrangement

Revenue relating to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed, consistent with the Group's accounting policy on recognising revenue on construction contracts (refer to Note 2.18). Operation or service revenue is recognised in the period in which the services are provided by the Group. When the Group provides more than one service in a service concession arrangement, the consideration received is allocated by reference to the relative fair values of the services delivered.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Revenue recognition (continued)

Revenues from services rendered in respect of water and medical waste treatment concession arrangements are recognised by reference to the unit price and quantity of water and medical waste treated respectively. Unit price is stated in each contract. Quantity of water and medical waste treated is measured according to the contract. Any losses are provided for as and when they become known.

Dividend and interest income

Dividend income is recognised when the Group's right to receive payment is established. Interest income is recognised using the effective interest method.

Compensation and insurance claims

Compensation and insurance claims are recognised when the right to receive payment is established.

2.7 Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. As required by law, the Group's companies in Singapore make contributions to the Central Provident Fund (CPF) scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Equity compensation benefits

The Company also operates the United Engineers Share Option Scheme 2000 (Scheme 2000) to grant non-transferable options to certain employees of the Company as consideration for services rendered. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital of the Company accordingly.

The compensation cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the share options are granted which takes into account market conditions and non-vesting conditions.

The compensation cost is recognised in the income statement with a corresponding increase in the employee share option reserve, over the vesting period that is the period which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in the income statement upon cancellation. The employee share option reserve is transferred to retained earnings upon expiry of the share options.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. Additional expense is recognised for any increase in the total fair value of the share options due to the modification, as measured at the date of the modification.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7 Employee benefits *(continued)*

Where the employee share option plan is cancelled, it is treated as if it had vested on the date of cancellation, and any expense that otherwise would have been recognised for services received over the remaining vesting period is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new employee share option plan is substituted for the cancelled employee share option plan, and designated as a replacement employee share option plan on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transactions are treated equally.

Employee leave entitlement

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

2.8 Foreign currencies

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to income statement of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into Singapore Dollars at the rate of exchange ruling at the end of the reporting period and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in foreign currency translation reserve relating to that particular foreign operation is recognised in the income statement.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in the income statement. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to the income statement.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Income taxes

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current taxes are recognised in the income statement except to the extent that the tax relates to items recognised outside income statement, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Income taxes *(continued)*

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

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

Goods and services tax/sales tax

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

- Where the goods and services tax/sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax/sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of goods and services tax/sales tax included.

The net amount of goods and services tax/sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment.

For self-constructed assets, the cost includes materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

The accounting policy for borrowing costs is set out in Note 2.25. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 Property, plant and equipment *(continued)*

Leases with unexpired terms of over 100 years are classified as long leaseholds; those under 100 years are classified as leaseholds.

No depreciation is provided on freehold/long leasehold land as it has an unlimited and long useful life respectively.

Assets under construction are not depreciated as these assets are not yet available for use.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	-	over terms of lease ranging from 8 to 99 years
Leasehold buildings	-	lower of term of lease and 50 years
Freehold/long leasehold buildings	-	50 years
Plant and machinery	-	2 to 15 years
Motor vehicles and other assets	-	2 to 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

2.11 Investment properties

Investment properties comprise completed properties and properties under construction or re-development held on a long-term basis for their investment potential and income.

Investment properties are initially recorded at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Investment properties (continued)

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.10 up to the date of change in use.

Investment properties under construction (IPUC)

IPUC is measured at fair value when the fair value is reliably determinable in accordance with FRS 40, Investment Property. When assessing whether the fair value of IPUC can be determined reliably the Company considers, among other things:

- Is the asset being constructed in a developed liquid market?
- Has a construction contract with the contractor been signed?
- Are the required building and letting permits obtained?
- What percentage of rentable area has been pre-leased to tenants?

IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

The fair value of IPUC was determined at the end of the reporting period based on valuation by a qualified independent valuer. The valuation was performed based on open market value in existing state of construction, as deemed appropriate by the valuer. Each IPUC is individually assessed.

2.12 Intangibles

a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.8.

Goodwill and fair value adjustments which arose on acquisitions of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the rates prevailing at the date of acquisition.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Intangibles (continued)

b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, they are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over their estimated useful lives. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are tested for impairment annually. Such intangible assets are not amortised.

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

(i) Concession rights

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure whether acquired or self-constructed by the Group. Intangible assets received as consideration for providing construction services in a service concession arrangement are measured at fair value upon initial recognition, estimated by reference to the fair value of the construction services provided. When the Group receives an intangible asset and a financial asset as consideration for providing construction services in a service concession arrangement, the Group estimates the fair value of intangible assets as the difference between the fair value of the construction services provided and the fair value of the financial asset received.

The estimated useful life of an intangible asset in a service concession arrangement is the period when it is available for use to the end of the concession period.

(ii) Distributorship and dealership rights

The distributorship and dealership rights acquired in business combinations are carried at fair values at the date of acquisition, and amortised over a straight-line basis over the period of the expected benefits, which is estimated at 15 to 20 years.

(iii) Development cost and technical know-how

Development costs are recognised in the income statement as and when incurred except for development costs which will probably generate future economic benefits. Such development costs are recognised as intangible assets. These intangibles are stated at cost less accumulated amortisation and accumulated impairment losses. These are amortised to the income statement on a straight-line basis over a period of 5 to 10 years or their estimated useful lives whichever is shorter. Technical know-how acquired in business combination is carried at fair value at the date of acquisition.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Intangibles (continued)

b) *Other intangible assets (continued)*

(iv) *Customer relationships*

Customer relationships acquired in business combinations are carried at fair values at the date of acquisition, and amortised over a straight-line basis over the period of the expected benefits, which is estimated at 5 to 9 years.

(v) *Others*

This comprises the licence fees for trademark, software and marketing rights which are amortised on a straight-line basis over the respective licence periods/economic useful life.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at the end of each reporting period. The effects of any revision are recognised in the income statement when the changes arise.

2.13 Subsidiaries, associates and joint ventures

Subsidiary

A subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed, 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.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associate

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has the power to participate in the financial and operating policy decisions of the entity but does not have control or joint control of those policies. The entity will be treated as an associate from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates.

Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment.

Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The Group's share of the results of its associates is its effective share of the profit attributable to equity holders of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the results of its associates is shown on the face of income statement after tax and non-controlling interests in the associates.

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13 Subsidiaries, associates and joint ventures *(continued)*

Associate (continued)

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

The financial years of some of the associates are not co-terminous with that of the Company. In the case of the associates whose financial years are not co-terminous, the share of profits or losses is arrived at from the last audited financial statements available and unaudited management accounts to the end of the Company's financial year. Where necessary, adjustments are made for the effects of significant transactions or events that occur between that date and reporting date of the Company, and to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and the proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in income statement.

Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group's investments in joint ventures are accounted for using the equity method. Under the equity method, the investment in joint venture is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. The Group's share of the results of the joint venture is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of such changes. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss with respect to the Group's net investment in the joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in the income statement. In the Group's consolidated financial statements, the Group's share of results and reserves of joint ventures acquired or disposed of are included in the consolidated financial statements from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

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

The income statement reflects the share of the results of operations of the joint ventures. Where there has been a change recognised in other comprehensive income by the joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint ventures.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Subsidiaries, associates and joint ventures (continued)

Joint venture (continued)

Upon loss of joint control, the Group measures any retained investment at its fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in income statement.

Accounting for subsidiaries, associates and joint ventures by the Company

In the Company's separate financial statements, investments in subsidiaries, associates and joint ventures are accounted for at cost less impairment losses. Loans and amounts due from or to subsidiaries, associates and joint ventures are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial asset is stated in Note 2.15.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. The costs incurred in bringing the inventories to their present location and condition are determined on a weighted average basis. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. The cost of finished goods and work-in-progress include raw materials, direct costs of production and an appropriate proportion of overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs to completion and the estimated costs necessary to make the sale.

2.15 Financial assets

Initial recognition and measurement

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classifications as follows:

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivative, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets (including exchange differences, interest and dividend income) are recognised in the income statement.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Financial assets (continued)

Subsequent measurement (continued)

b) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Investments intended to be held for an undefined period are not included in this classification. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the income statement when the held-to-maturity investments are derecognised or impaired, as well as through the amortisation process.

c) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in the income statement.

Regular way purchase or sale of a financial asset

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

2.16 Impairment of financial assets

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

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the income statement.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

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

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

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

Assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from other comprehensive income and recognised in the income statement. Reversals of impairment losses in respect of equity instruments classified as available-for-sale are recognised in other comprehensive income. Reversals of impairment losses on debt instruments are recognised in the income statement, if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

2.17 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting period to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.17 Impairment of non-financial assets *(continued)*

Impairment losses of continuing operations are recognised in the income statement, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.18 Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period, when the outcome of a construction contract can be estimated reliably. 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 and contract costs are recognised as expense in the period in which they are incurred. An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

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

Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract.

Revenue arising from fixed price contracts is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to professional surveys of work performed.

Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred plus a percentage of the contract fee earned during the year. Percentage of the contract fee earned is measured by the proportion that the costs incurred to date bear to the estimated total costs of the contract. Only costs that reflect services performed are included in the estimated total costs of the contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

2.19 Properties held for sale

Development properties held for sale

Development projects for which revenue is recognised using the percentage of completion method is stated at cost plus estimated profits to-date less progress billings. Progress claims from purchasers of residential units for sale are shown as a deduction from the cost of the development properties held for sale.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Properties held for sale (continued)

Development properties held for sale (continued)

Development projects for which revenue is recognised using the completed contract method is stated at cost. Progress claims from purchasers of residential units for sale are included in “trade and other payables” as “progress billings received in advance”.

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

Costs include cost of land and construction, related overhead expenditure and financing charges incurred up to the completion of construction. Financing charges incurred to finance the development of such properties are capitalised during the period that is required to complete and prepare each property for its sale. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

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

Profit on development properties held for sale using the percentage of completion method is recognised on partly completed projects which have been sold and is based on the accounting policy in Note 2.6. The expected profit is assessed having regard to the sales procured less attributable total costs including the cost of land, construction and interest and after making due allowance for known potential costs over-runs and allowance for contingencies.

Progress billings not yet paid by customers are included in trade and other receivables.

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. The costs are assigned by using specific identification. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

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

Revenue from completed properties held for sale is recognised upon execution of Sale and Purchase Agreements and issue of Notice of Vacant Possession.

2.20 Cash and cash equivalents

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

2.21 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

Borrowings

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 income statement over the period of the borrowings using the effective interest method.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Borrowings (continued)

Convertible bonds

When convertible bonds are issued, the total proceeds are allocated to the liability component and the equity component, which are separately presented on the statement of financial position.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

The difference between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity net of deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, its carrying amount will be transferred to the share capital account. When the conversion option lapses, its carrying amount will be transferred to retained earnings.

2.22 Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

Subsequent to initial recognition, financial liabilities that are not carried at fair value through profit or loss are measured at amortised cost using the effective interest method. Gains or losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.23 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.23 Provisions *(continued)*

A provision for warranty is recognised for all products under warranty at the end of the reporting period. The provision is calculated based on service history.

2.24 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.6. Contingent rents are recognised as revenue in the period in which they are earned.

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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

2.25 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.26 Derivative financial instruments

The Group uses derivative financial instruments such as interest rate swaps and foreign currency forward contracts to hedge its risks associated primarily with interest rate and foreign currency fluctuations. It is the Group's policy not to trade in derivative financial instruments.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from changes in fair value on derivative financial instruments is taken to the income statement for the year.

The fair value of foreign currency forward contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

Details of the Group's financial risk management objectives and policies are set out in Note 36.

2.27 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees are recognised initially at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in the income statement over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the income statement.

2.28 Contingencies

A contingent liability is:

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

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

2.29 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants are recognised in the income statement on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are deducted in reporting the related expenses.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.30 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services and/or reporting group which are independently managed by the respective segment managing directors and/or board of directors responsible for or have an oversight over the performance of the respective segments under their charge. The management and board of directors of the Company regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 40.

2.31 Share capital and share issuance expenses

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

2.32 Treasury shares

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

2.33 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.34 Non-current assets and disposal group held for sale and discontinued operations

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

In the income statement of the current reporting period, and of the comparative period of the previous year, all income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the income statement.

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

2.35 Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

The following are the judgements, apart from those involving estimations, made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Assessment of allowance for doubtful receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for doubtful receivables. In assessing the allowance for receivables, the Group takes into account the duration of the settlement agreement and whether any subsequent payments were in default.

Income tax

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. Tax is computed in accordance with taxation rules in each jurisdiction. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable, deferred tax liabilities and deferred tax assets as at 31 December 2014 are \$61,511,000 (2013: \$114,333,000), \$78,076,000 (2013: \$116,184,000) and \$56,522,000 (2013: \$63,176,000) respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the useful lives estimated to be within 2 to 15 years. The carrying amount of the plant and machinery as at 31 December 2014 was \$208,687,000 (2013: \$292,301,000). Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. Based on management's estimates, a 5% difference in the expected useful lives of these assets would result in approximately 4% (2013: 4%) variance in the Group's profit before tax from continuing operations for the financial year.

Construction contracts

The Group recognises contract revenue to the extent of contract costs incurred where it is probable those costs will be recoverable or based on the percentage of completion method. The stage of completion is measured by reference to professional surveys of work performed.

Significant assumptions are required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and contract costs and liquidated damage claims, as well as the recoverability of the contract costs incurred. Total contract revenue also includes an estimation of the uncertified recoverable variation works that are recoverable from the customers. In making the estimation, the Group evaluates by relying on past experience and knowledge of the project engineers and/or the work of specialists. An estimation of recoverable variation works amounting to \$1,856,000 (2013: \$Nil) was taken into consideration in arriving at the estimated loss of construction contracts. Any shortfall in recovery of this estimation will impact the results of the Group by the same quantum. The gross amount due from customers for contract work was \$39,004,000 (2013: \$23,953,000). The gross amount due to customers for contract work was \$3,035,000 (2013: \$20,059,000).

Impairment of goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired, in accordance with the accounting policy stated in Note 2.12. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations or fair value less cost to sell, where appropriate. The value-in-use calculations require the use of estimates (Note 14(e)). For the financial year ended 31 December 2014, an impairment charge of \$6,330,000 arose in SPC Wearnes Pte. Ltd. CGU (2013: \$2,785,000 arose in MFLEX CGU) (Note 14) which reduced the carrying amount of the goodwill allocated to CGU to Nil (2013: Nil). The details are disclosed in Note 14(e).

Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever there is an indication that these assets may be impaired. The Group considers the guidance of FRS 36 in assessing whether there is any indication that an item of property, plant and equipment may be impaired. If any such indication exists, the recoverable amount of the property, plant and equipment is estimated to ascertain the amount of impairment loss. The recoverable amount is defined as the higher of the fair value less cost to sell and value-in-use.

Notes to the Financial Statements

For the financial year ended 31 December 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

3.2 Key sources of estimation uncertainty *(continued)*

Property, plant and equipment of a US-listed subsidiary

The impairment assessment is performed at the cash-generating-unit (“CGU”) level, where the CGU is identified to be the entity-level of the US-listed subsidiary, Multi-FinelineElectronix Inc. (MFLEX). The recoverable amount is based on the higher of value-in-use and fair value less cost to sell.

For the financial year ended 31 December 2013, MFLEX incurred financial losses, and had undertaken a review of its manufacturing capacity to align its cost structure with net sales levels while maintaining long-term capacity to support its growth objectives. Accordingly, an impairment charge of \$73,928,000 was recognised within “Other operating expenses” in the consolidated income statement of the Group in 2013, to write down its carrying value to its recoverable amounts, which was determined based on fair value less cost to sell, measured by reference to the quoted market price of the share of MFLEX, which is listed on NASDAQ on 31 December 2013.

During the financial year ended 31 December 2014, MFLEX announced its restructuring plan designed to return the company to profitability. This caused a change in the estimates used to determine the recoverable amount since prior year. The recoverable amount for 2014 was determined based on value-in-use, derived using a pre-tax discount rate of 12% (which represents the weighted average cost of capital for MFLEX) on the future cash flows. This recoverable amount was higher than the carrying amount. This has resulted in an reversal of impairment loss of approximately \$24,151,000 recognised within “Other operating expenses” in the consolidated income statement of the Group.

In addition, in relation to the restructuring plan in 2014, MFLEX recorded restructuring expense of approximately \$19,390,000 in connection with the restructuring plan which comprised mainly severance incurred for terminated employees.

Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables with impairment indicators at the end of the reporting period is disclosed in Note 21 to the financial statements. If the present value of estimated future cash flows of receivables that are past due but not impaired and those that are impaired, varies by 5% from management's estimates, the Group's allowance for impairment will increase by \$2,226,000 (2013: \$5,414,000).

Estimation of net realisable value of properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value.

Net realisable value of the properties represents 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 estimated costs to be incurred in selling the property.

Revaluation of investment property

Investment property comprises real estate (land or building, or both) held by the Group in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes.

The Group carries its completed investment properties at fair value, with changes in fair values being recognised in the income statement. The Group engaged independent valuation specialists to determine fair value as at 31 December 2014. The valuers used a valuation technique based on discounted cash flow models as there is a lack of comparable market data because of the nature of the properties.

Notes to the Financial Statements

For the financial year ended 31 December 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Key sources of estimation uncertainty (continued)

The determination of the fair values of these investment properties require the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. These estimates are based on local market conditions existing at the end of each reporting date.

The key methodology used for valuing investment property is set out in Note 13.

Business combination – fair value of identifiable assets and liabilities

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

4 REVENUE

	GROUP	
	2014 \$000	2013 \$000
Sale of goods	1,936,711	1,274,290
Sale of properties held for sale (recognised on percentage of completion basis)	463,569	39,825
Sale of properties held for sale (recognised on completed contract basis)	416,301	56,543
Rendering of services	133,049	106,354
Revenue from construction contracts	131,312	77,326
Rental income	125,468	109,446
Dividend income	2,911	1,137
	3,209,321	1,664,921

5 INTEREST INCOME

Interest income from loans and receivables	3,183	1,612
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6 OTHER INCOME

Other income includes the following items:

Gain on deemed disposal of available-for-sale financial assets (Note 15)	–	21,415
Gain on disposal of available-for-sale financial assets	37	12,326
Gain on disposal of assets of disposal group classified as held for sale	1,365	115,856
Gain on re-measurement of previously held interest in joint venture	–	4,638
Net gain on disposal of subsidiaries, associates and joint ventures	11,636	3,020
Net surplus on revaluation of investment properties (Note 13)	–	10,884

Notes to the Financial Statements

For the financial year ended 31 December 2014

7 FINANCE COSTS

	GROUP	
	2014 \$000	2013 \$000
Interest expense on:		
- Bank loans and bank overdrafts	63,393	55,848
- Convertible bonds (Note 28)	268	717
	63,661	56,565
Less: Interest expense capitalised in:		
- Properties held for sale (Note 23)	(21,696)	(24,960)
Total finance costs	41,965	31,605

8 PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

Profit before tax from continuing operations is stated after including the following expenses by nature:

Amortisation of intangible assets (Note 14)	(3,622)	(4,660)
Depreciation of property, plant and equipment (Note 12)	(86,467)	(70,209)
Direct operating expenses arising from investment properties (Note 13)	(35,905)	(31,165)
Impairment loss on financial assets:		
- Available-for-sale financial assets	-	(39)
- Trade receivables	(1,742)	(2,849)
- Other receivables	(1,841)	-
Impairment loss on intangible assets (Note 14)	(6,330)	(13,349)
Inventories written-down	(17,623)	(8,872)
Net reversal of impairment loss/(impairment loss) on property, plant and equipment	21,151	(74,068)
Properties held for sale written-down	(15,858)	-
Realisation of translation reserve upon liquidation of subsidiaries	(4,382)	-
Restructuring expenses	(20,042)	-
Staff costs (including director's remuneration)		
- Salaries, wages, bonuses and other costs	(377,657)	(292,754)
- Central Provident Fund and other defined contribution plans	(44,852)	(29,632)
Audit fees:		
- Auditor of the Company	(1,024)	(331)
- Other auditors	(928)	(3,068)
Non-audit fees:		
- Auditor of the Company	(333)	(293)
- Other auditors	(475)	(477)
Total audit and non-audit fees	(2,760)	(4,169)

Notes to the Financial Statements

For the financial year ended 31 December 2014

9 INCOME TAX EXPENSE

Major components of income tax expense for the financial years ended 31 December are:

	2014 \$000	GROUP 2013 \$000
Income Statement		
Current income tax – continuing operations:		
- Current income taxation	24,678	70,895
- Over provision in respect of prior years	(3,139)	(271)
	21,539	70,624
Deferred tax – continuing operations (Note 18):		
- Origination and reversal of temporary difference	13,728	(30,478)
Income tax attributable to continuing operations	35,267	40,146
Income tax attributable to discontinued operation (Note 10)	10,246	11,988
Income tax expense recognised in the income statement	45,513	52,134

The income tax expense on the results for the financial year varies from the amount of income tax determined by applying the Singapore standard rate of income tax to profit before tax due to the following factors:

	2014 %	GROUP 2013 %
Applicable tax rate	17.0	17.0
Expenses not deductible for tax purposes	27.0	31.0
Income not subject to tax	(25.9)	(5.8)
Utilisation of previously unrecognised deferred tax assets	(11.1)	(5.9)
Utilisation of tax losses/capital allowances under group relief	(0.2)	(1.0)
Losses of subsidiaries not utilised and not available under group relief	24.6	17.7
Over provision of income tax in respect of prior years	(1.3)	(1.3)
Effect of differences in tax rates in other countries where the Group operates	(4.5)	(4.6)
Share of loss/(profit) from equity-accounted associates and joint ventures	0.3	(0.7)
Effective tax rate	25.9	46.4

Tax losses and capital allowances of \$14,073,000 (2013: \$22,014,000) and \$5,400,000 (2013: \$11,152,000) respectively for the Group have been utilised during the financial year.

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 31).

Notes to the Financial Statements

For the financial year ended 31 December 2014

10 DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 3 October 2014, the Group announced that it has entered into a binding term sheet with Universal EC Investments Pte. Ltd. (UECI) and Southern Capital Group Private Limited pursuant to which UECI has agreed that subject to the fulfilment of certain pre-conditions, it shall make a voluntary conditional offer (the UE E&C Offer) to acquire UE E&C Ltd. (UE E&C) and the Group has undertaken to accept the UE E&C Offer in respect of its entire 68.2% equity interest in UE E&C for a consideration of approximately \$230.2 million.

At an EGM held on 28 November 2014, the shareholders of the Company approved the proposed disposal of UE E&C to UECI. On 29 December 2014, the Group announced that it has accepted the voluntary conditional offer made by UECI and UE E&C has thereafter ceased to be a subsidiary of the Company.

As at 31 December 2014, the result of UE E&C has been presented separately on the consolidated income statement as Discontinued Operation.

The comparative figures have been re-presented to report separately profit and loss items for continuing and discontinued operations.

Income statement disclosures

The results for UE E&C Group for the year ended 31 December are as follows:

	GROUP	
	2014 \$000	2013 \$000
Revenue	326,192	348,070
Expenses	(268,118)	(287,944)
Profit from operations	58,074	60,126
Finance costs	(1,299)	(826)
Profit before tax from discontinued operation	56,775	59,300
Taxation:		
- Related to profit from ordinary activities of the discontinued operation (Note 9)	(10,246)	(11,988)
Profit from discontinued operation, net of tax	46,529	47,312
Gain on disposal of subsidiary	43,526	–
	90,055	47,312

Cash flow statement disclosures

Operating	26,125	63,933
Investing	(4,038)	1,630
Financing	(24,470)	(14,718)
Net cash (outflows)/inflows	(2,383)	50,845

Earnings per stock unit disclosures

Earnings per stock unit from discontinued operation attributable to owners of the Company (cents)

Basic	12.2	5.9
Diluted	12.2	5.8

Basic earnings per stock unit (EPS) from discontinued operation is calculated by dividing net profit from discontinued operation attributable to owners of the Company of \$77,547,000 (2013: \$28,516,000) by the weighted average number of ordinary stock units in issue during the financial year of 635,688,860 (2013: 480,666,494).

Diluted EPS from discontinued operation is calculated by dividing the net profit from discontinued operation attributable to owners of the Company by the weighted average number of ordinary stock units outstanding during the financial year plus the weighted average number of ordinary stock units that would be issued on the conversion of all the dilutive potential ordinary stock units into ordinary stock units.

Notes to the Financial Statements

For the financial year ended 31 December 2014

10 DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

The disposal group classified as held for sale as at 31 December 2014 comprised the following transactions:

- (a) The Group entered into conditional agreement with Panasonic Asia Pacific Pte. Ltd. to dispose of its entire 12.9% shareholding interest in an associated company, RFNet Technologies Pte Ltd, for a consideration of approximately \$2.4 million. The disposal was completed in January 2015.
- (b) The Company's wholly-owned subsidiary, UE UMC Pte Ltd (UEUMC) entered into a conditional sale and purchase agreement for the sale of its entire 60% shareholding interest in its subsidiary, Tangshan UE Shengxing Renewable Resources Co., Ltd. (UETS) to Chemoil Environment Holding Pte. Ltd. for a consideration of RMB 6 million (equivalent to approximately \$1.3 million). The divestment of UETS was completed in January 2015.
- (c) The Company's wholly-owned subsidiary, United Engineers Developments Pte Ltd (UED) entered into a conditional sale and purchase agreement for the sale of its entire 51% shareholding interest in its subsidiaries, (1) United Managed Solutions Pte Ltd and its subsidiaries (collectively known as "UEMS Group") and (2) UE ServiceCorp (Taiwan) Limited (UESC) to Asia Facility Solutions Pte. Ltd. for a consideration of \$12.2 million and \$0.5 million respectively. The divestments of UEMS Group and UESC were completed in January 2015.
- (d) The Group entered into a conditional sale and purchase agreement with Cao Jun Qi and Liu Yan to dispose of its investment property at No. 211 Qing Nian Da Jie, Shenhe District, Shenyang City, Liaoning Province, China 110015.
- (e) MFLEX announced a restructuring plan to consolidate its production facilities to reduce the total manufacturing floor space by approximately one-third. As part of the restructuring, MFLEX Chengdu, along with two satellite manufacturing facilities in MFLEX Suzhou, China (one of which is a leased facility), were consolidated into MFLEX's two main manufacturing plants under MFLEX Suzhou.

Consequently, MFLEX's manufacturing facility in Chengdu and one of the satellite facilities in Suzhou ceased operations, and certain property, plant and equipment in Chengdu and Suzhou ceased to be in use and met the held for sale criteria in accordance with FRS 105.
- (f) The Group has committed to a plan and has appointed agent to sell its properties at Lot Nos. 9694, 19533 and 19534, Pontian, State of Johor Darul Takzim, Malaysia.

The disposal group classified as held for sale as at 31 December 2013 comprised the following transactions:

- (a) The Company's wholly-owned subsidiary, McAlister and Company Limited (McA) entered into a conditional sale and purchase agreement for the sale of its entire 100% shareholding interest in its subsidiary, Delichem Pte Ltd and its subsidiaries (collectively known as "Delichem Group") to Trucorp Pte Ltd for a consideration of \$0.8 million. The divestment of Delichem Group was completed in February 2014.
- (b) The assets and liabilities related to UE Orchard Pte Ltd and UE Somerset Pte Ltd (collectively known as "SPVs") were presented in the statement of financial position as "disposal group classified as held for sale" in accordance with the sale and purchase agreement entered between the Company and Oversea-Chinese Banking Corporation Limited (OCBC) for OCBC to acquire the issued shares of the SPVs upon completion of *orchardgateway* development by the SPVs. The divestment of the SPVs was completed in September 2014.

Notes to the Financial Statements

For the financial year ended 31 December 2014

10 DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

- (c) The Group signed a memorandum of understanding with a buyer to sell its property at No. 161, Yuhua Road, Yuhua District, Changsha, Hunan, China. The sale was completed in June 2014.
- (d) The Group committed to a plan to sell its entire 49% equity interest in First Class Automotive Co., Ltd. (formerly known as Jaguar Cars (Thailand) Co., Ltd.) to AAS Auto Services Co. Ltd. for a total consideration of \$2.01 million. The sale was completed in January 2014.

	2014 \$000	GROUP 2013 \$000
Details of the assets of disposal group classified as held for sale are as follows:		
Property, plant and equipment	25,163	3,161
Properties development costs	–	315,915
Investment properties (Note 13)	7,362	–
Intangible assets (Note 14)	1,441	–
Acquisition of subsidiaries	–	4,540
Interests in associates	252	–
Interests in joint ventures	–	2,012
Deferred tax assets	388	–
Inventories	342	168
Trade and other receivables	25,440	5,236
Gross amount due from customers for contract work	–	43
Bank balances and deposits	20,346	18,099
	80,734	349,174
Details of the liabilities of disposal group classified as held for sale are as follows:		
Income tax payable	538	–
Trade and other payables	27,359	50,440
Borrowings	3,223	146
Deferred tax liabilities	1,112	–
	32,232	50,586

Notes to the Financial Statements

For the financial year ended 31 December 2014

11 EARNINGS PER STOCK UNIT

(a) Continuing operations

Basic earnings per stock unit (EPS) from continuing operations is calculated by dividing net profit from continuing operations attributable to owners of the Company of \$46,036,000 (2013: \$89,544,000) and after deducting preference dividends of \$66,000 (2013: \$66,000) by the weighted average number of ordinary stock units in issue during the financial year of 635,688,860 (2013: 480,666,494).

Diluted EPS from continuing operations is calculated by dividing the net profit from continuing operations attributable to owners of the Company and after deducting preference dividends by the weighted average number of ordinary stock units outstanding during the financial year plus the weighted average number of ordinary stock units that would be issued on the conversion of all the dilutive potential ordinary stock units into ordinary stock units.

	GROUP	
	2014 \$000	2013 \$000
Net profit attributable to owners of the Company used in computation of basic and diluted EPS	123,583	118,060
Less: Net profit from discontinued operation attributable to owners of the Company	(77,547)	(28,516)
Net profit from continuing operations attributable to owners of the Company used in computation of basic and diluted EPS	46,036	89,544
Less: Preference dividends	(66)	(66)
Add: Interest expense on convertible bonds, net of tax	–	595
	45,970	90,073
	No. of shares 000	No. of shares 000
Weighted average number of ordinary stock units applicable to basic EPS	635,689	480,667
Effect of dilutive securities:		
- Convertible bonds	–	12,811
- Share options	151	438
Adjusted number of ordinary stock units applicable to diluted EPS	635,840	493,916

1,134,546 (2013: 1,535,040) of share options granted to the employees under the existing employee share option plans have not been included in the calculation of diluted EPS because they are anti-dilutive for the current and previous financial years presented.

(b) Earnings per stock unit

Basic EPS is calculated by dividing net profit attributable to owners of the Company of \$123,583,000 (2013: \$118,060,000) and after deducting preference dividends of \$66,000 (2013: \$66,000) by the weighted average number of ordinary stock units in issue during the financial year of 635,688,860 (2013: 480,666,494).

Diluted EPS is calculated by dividing the net profit attributable to owners of the Company and after deducting preference dividends by the weighted average number of ordinary stock units outstanding during the financial year plus the weighted average number of ordinary stock units that would be issued on the conversion of all the dilutive potential ordinary stock units into ordinary stock units.

The profit and stock unit data are presented in table 11(a) above.

Notes to the Financial Statements

For the financial year ended 31 December 2014

12 PROPERTY, PLANT AND EQUIPMENT

	Freehold/ long leasehold land \$000	Freehold/ long leasehold building \$000	Leasehold land and building \$000	Capital work-in- progress \$000	Plant and machinery \$000	Motor vehicles and other assets \$000	Total \$000
GROUP							
Cost							
At 1 January 2013	694	765	121,922	1,603	93,107	25,655	243,746
Acquisition of subsidiaries	27,225	11,099	344,668	–	340,012	50,940	773,944
Additions	510	179	5,425	12,886	39,197	23,635	81,832
Amount written-off	–	–	(49)	–	(1,100)	(380)	(1,529)
Currency realignment	(1,540)	284	609	(27)	8,495	(310)	7,511
Disposals	–	(1)	(84,417)	(271)	(24,558)	(4,440)	(113,687)
Reclassification to assets of disposal group classified as held for sale	–	–	(3,161)	–	–	–	(3,161)
Reclassification	–	–	(706)	(2,509)	2,534	681	–
Transfer from investment properties (Note 13)	–	–	464	–	–	–	464
At 31 December 2013 and 1 January 2014	26,889	12,326	384,755	11,682	457,687	95,781	989,120
Additions	–	435	4,033	3,556	48,225	21,616	77,865
Amount written-off	–	–	(626)	–	(7,265)	(1,151)	(9,042)
Currency realignment	(692)	1,864	3,888	131	(2,642)	555	3,104
Disposal of subsidiaries	–	–	(233,750)	(360)	(152,244)	(60,617)	(446,971)
Disposals	–	–	–	(271)	(17,541)	(11,265)	(29,077)
Reclassification	–	–	–	(8,285)	8,292	(7)	–
Reclassification to assets of disposal group classified as held for sale	–	–	(32,882)	(2,040)	(76,308)	(4,992)	(116,222)
At 31 December 2014	26,197	14,625	125,418	4,413	258,204	39,920	468,777
Accumulated depreciation and impairment loss							
At 1 January 2013	–	(357)	(6,446)	(349)	(54,728)	(17,472)	(79,352)
Amount written-off	–	–	18	–	1,006	374	1,398
Charge for the financial year	–	–	–	–	–	–	–
- Continuing operations	–	(762)	(12,963)	–	(44,717)	(11,775)	(70,217)
- Discontinued operation	–	–	(938)	–	(8,834)	(776)	(10,548)
Currency realignment	–	(237)	(781)	–	(5,382)	275	(6,125)
Disposals	–	1	7,132	–	21,114	3,648	31,895
Impairment loss	–	–	–	–	(73,845)	(83)	(73,928)
At 31 December 2013 and 1 January 2014	–	(1,355)	(13,978)	(349)	(165,386)	(25,809)	(206,877)
Amount written-off	–	–	462	–	6,667	1,073	8,202
Charge for the financial year	–	–	–	–	–	–	–
- Continuing operations	–	(1,266)	(14,013)	–	(56,689)	(14,569)	(86,537)
- Discontinued operation	–	–	(938)	–	(9,565)	(842)	(11,345)
Currency realignment	–	(1,499)	(1,856)	–	(9,808)	(448)	(13,611)
Disposal of subsidiaries	–	–	15,626	–	64,019	11,047	90,692
Disposals	–	–	–	–	14,358	7,209	21,567
(Impairment loss)/ reversal of impairment loss	–	–	(14,491)	–	36,471	(829)	21,151
Reclassification to assets of disposal group classified as held for sale	–	–	22,800	–	70,416	4,080	97,296
At 31 December 2014	–	(4,120)	(6,388)	(349)	(49,517)	(19,088)	(79,462)
Net book value							
At 31 December 2013	26,889	10,971	370,777	11,333	292,301	69,972	782,243
At 31 December 2014	26,197	10,505	119,030	4,064	208,687	20,832	389,315

Notes to the Financial Statements

For the financial year ended 31 December 2014

12 PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land and building \$000	Capital work-in- progress \$000	Motor vehicles and others assets \$000	Total \$000
COMPANY				
Cost				
At 1 January 2013	25,938	–	7,862	33,800
Disposals	–	–	(115)	(115)
At 31 December 2013 and 1 January 2014	25,938	–	7,747	33,685
Additions	–	281	1,302	1,583
Disposals	–	–	(602)	(602)
At 31 December 2014	25,938	281	8,447	34,666
Accumulated depreciation				
At 1 January 2013	(2,162)	–	(5,338)	(7,500)
Charge for the financial year	(786)	–	(1,730)	(2,516)
Disposals	–	–	97	97
At 31 December 2013 and 1 January 2014	(2,948)	–	(6,971)	(9,919)
Charge for the financial year	(786)	–	(696)	(1,482)
Disposals	–	–	548	548
At 31 December 2014	(3,734)	–	(7,119)	(10,853)
Net book value				
At 31 December 2013	22,990	–	776	23,766
At 31 December 2014	22,204	281	1,328	23,813

	GROUP	
	2014 \$000	2013 \$000
The depreciation charge for the financial year in the income statement is as follows:		
Depreciation for the financial year	97,882	80,765
Current financial year's depreciation capitalised	(653)	(859)
	97,229	79,906
Less: Attributable to discontinued operation		
Depreciation for the financial year	(11,345)	(10,548)
Current financial year's depreciation capitalised	583	851
	(10,762)	(9,697)
Charged to the income statement – continuing operations (Note 8)	86,467	70,219

Certain property, plant and equipment have been mortgaged to secure the banking facilities of certain subsidiaries, as follows:

Leasehold land and buildings	2,504	1,878
Plant and machinery	–	195
Other assets	–	306
	2,504	2,379

Notes to the Financial Statements

For the financial year ended 31 December 2014

13 INVESTMENT PROPERTIES

Investment properties owned by the Group include office, hospitality and commercial space and comprised mainly completed investment properties.

	GROUP		COMPANY	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Statement of financial position:				
(a) Freehold land and buildings				
At 1 January	838,455	–	–	–
Acquisition of subsidiaries	–	168	–	–
Additions	–	836,344	–	–
Currency realignment	(3)	(9)	–	–
Revaluation surplus recognised in the income statement (Note 6)	–	1,952	–	–
Subsequent expenditure	1,363	–	–	–
At 31 December	839,815	838,455	–	–
(b) Long leasehold land and buildings				
At 1 January	676,080	675,000	675,000	675,000
Acquisition of subsidiaries	–	348	–	–
Currency realignment	(7)	(19)	–	–
Revaluation surplus recognised in the income statement (Note 6)	–	751	–	–
Subsequent expenditure	100	–	100	–
At 31 December	676,173	676,080	675,100	675,000
(c) Leasehold land and buildings				
At 1 January	356,388	528,765	–	–
Acquisition of subsidiaries	–	31,512	–	–
Adjustment to construction costs	–	(7,667)	–	–
Currency realignment	(424)	61	–	–
Disposal of subsidiaries	(5,014)	–	–	–
Disposals	(12,505)	(208,000)	–	–
Revaluation surplus recognised in the income statement (Note 6)	–	8,181	–	–
Subsequent expenditure	–	4,000	–	–
Transfer to assets of disposal group classified as held for sale (Note 10)	(7,362)	–	–	–
Transfer to property, plant and equipment (Note 12)	–	(464)	–	–
At 31 December	331,083	356,388	–	–
At valuation	1,847,071	1,870,923	675,100	675,000
Income statement:				
Rental income from investment properties:				
- Minimum lease payments	80,110	61,221	38,555	39,421
Direct operating expenses (including repairs and maintenance) (Note 8) arising from continuing operations:				
- Rental generating properties	35,571	31,165	20,129	19,819
- Non-rental generating properties	334	–	–	–

Notes to the Financial Statements

For the financial year ended 31 December 2014

13 INVESTMENT PROPERTIES *(continued)*

Investment properties are stated at their fair value, which has been determined based on independent professional valuations performed as at 31 December 2014 and 31 December 2013. The valuations were performed by DTZ Debenham Tie Leung (SEA) Pte Ltd, Colliers International Consultancy & Valuation (Singapore) Pte Ltd, PA International Property Consultants Sdn Bhd, JS Valuers Property Consultant (E.M) Sdn Bhd and Shanghai Lixin Appraisal Ltd. These were independent valuers with recognised and relevant professional qualification and with experience in the location and category of the properties being valued. Majority of the valuations are based on the income method that makes reference to estimated market rental values, equivalent yields and discount rate. Others are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions. Details of the valuation techniques and inputs are disclosed in Note 38.

Investment properties amounting to \$1,125,000,000 (2013: \$1,127,129,000) have been mortgaged to secure term loan facilities of certain subsidiaries (Note 27).

Notes to the Financial Statements

For the financial year ended 31 December 2014

14 INTANGIBLE ASSETS

	Concession rights \$000	Distributorship and dealership rights \$000	Development costs and technical know-how \$000	Customer relationships \$000	Goodwill \$000	Others ⁽¹⁾ \$000	Total \$000
GROUP							
Cost							
At 1 January 2013	25,451	–	–	–	2,570	3,717	31,738
Currency realignment	1,316	(62)	–	–	–	8	1,262
Additions	2,532	–	753	–	–	1,432	4,717
Acquisition of subsidiaries	–	38,680	12,981	4,295	18,597	–	74,553
Disposal	–	–	–	–	–	(1,094)	(1,094)
At 31 December 2013 and 1 January 2014	29,299	38,618	13,734	4,295	21,167	4,063	111,176
Additions	–	–	476	–	–	131	607
Currency realignment	686	4	–	–	–	31	721
Disposal	–	–	(80)	–	–	–	(80)
Disposal of subsidiaries	–	(38,622)	–	–	(9,711)	(18)	(48,351)
Transfer to assets of disposal group classified as held for sale (Note 10)	–	–	–	–	–	(2,987)	(2,987)
At 31 December 2014	29,985	–	14,130	4,295	11,456	1,220	61,086
Accumulated amortisation and impairment losses							
At 1 January 2013	(2,991)	–	–	–	(638)	(3,528)	(7,157)
Amortisation	(1,140)	(1,141)	(1,322)	(997)	–	(60)	(4,660)
Currency realignment	(163)	–	–	–	–	(3)	(166)
Disposal	–	–	–	–	–	1,094	1,094
Impairment loss	–	–	(10,564)	–	(2,785)	–	(13,349)
At 31 December 2013 and 1 January 2014	(4,294)	(1,141)	(11,886)	(997)	(3,423)	(2,497)	(24,238)
Amortisation	(1,163)	(1,474)	(478)	(432)	–	(75)	(3,622)
Currency realignment	(103)	–	–	–	–	(2)	(105)
Disposal	–	–	13	–	–	–	13
Disposal of subsidiaries	–	2,615	–	–	–	–	2,615
Impairment loss	–	–	–	–	(6,330)	–	(6,330)
Transfer to assets of disposal group classified as held for sale (Note 10)	–	–	–	–	–	1,546	1,546
At 31 December 2014	(5,560)	–	(12,351)	(1,429)	(9,753)	(1,028)	(30,121)
Net carrying amount							
At 31 December 2013	25,005	37,477	1,848	3,298	17,744	1,566	86,938
At 31 December 2014	24,425	–	1,779	2,866	1,703	192	30,965

⁽¹⁾ Others comprise mainly trademark, software licence and marketing rights.

Notes to the Financial Statements

For the financial year ended 31 December 2014

14 INTANGIBLE ASSETS (continued)

(a) Concession rights

The Group has service concession arrangements with various government bodies and agencies of the government of the People's Republic of China ("the grantors"). Under these concession arrangements, the Group will typically construct and operate the water and medical waste treatment plants to collect and treat water and medical waste for local hospitals and clinics at the tariffs which are determined by the grantors for concession periods of between 20 to 30 years. The plants are transferred to the grantors at the end of the concession periods. The concession rights are amortised evenly over their economic useful lives of 20 to 30 years.

(b) Distributorship and dealership rights

This relates to the rights under distributorship and dealership agreements, which are separately identified intangible assets acquired as part of business combination in 2013. These distributorship and dealership agreements are expected to continue for an indefinite period and, where these agreements do not have indefinite terms, it is believed that renewal of these agreements can be obtained without significant costs, taking into account the history of renewal and the relationships between the distributors, dealers and contracting parties. Distributorship and dealership rights are amortised over a period of 15 to 20 years. During the financial year ended 31 December 2014, the entire carrying amount of distributorship and dealership rights has been recognised in the income statement, following the divestment of certain subsidiaries.

(c) Development costs and technical know-how

Development costs and technical know-how are separately identified intangible assets recognised and acquired as part of business combination mainly relating to technology business of WBL Group, MFLEX. In 2013, MFLEX has reported volatile sales for the year and was in a loss making position. The management has performed an assessment and the recoverable amount of the MFLEX's intangible assets was assessed to be lower than its carrying amount.

(d) Customer relationships

Customer relationships acquired in business combinations are carried at fair values at the date of acquisition, and amortised over a straight-line basis over the period of the expected benefits, which is estimated at 5 to 9 years.

Amortisation expense

Amortisation of intangible assets is included in the line "Other items of expense" in the income statement.

(e) Goodwill

Goodwill acquired through business combinations have been allocated to the following cash-generating units (CGUs), which are also the basis for impairment testing:

Cash-generating unit (CGU)	2014 \$000	Basis on which recoverable value were determined	Discount rate	Years of cash flow projections
SPC Wearnes Pte. Ltd. (SPC)	–	Value-in-use	11%	5
UE Envirotech Pte Ltd (UEEV) Group	1,703	Value-in-use	13%	20 to 30
	<u>1,703</u>			

Notes to the Financial Statements

For the financial year ended 31 December 2014

14 INTANGIBLE ASSETS (continued)

Cash-generating unit (CGU)	2013 \$000	Basis on which recoverable value were determined	Discount rate	Years of cash flow projections
Wearnes Automotive Pte Ltd (WA)	9,482	Value-in-use	11%	3
MFLEX	–	Fair value	N.A.	N.A.
SPC	6,330	Value-in-use	10%	5
UEEV Group	1,703	Value-in-use	10%	20 to 30
APG GEO-Systems Sdn Bhd (APG)	229	Fair value	N.A.	N.A.
	<u>17,744</u>			

Goodwill is tested for impairment annually. For CGUs with recoverable values determined based on the value-in-use method, the value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management for periods as stated in the table above. The cash flows beyond the budget period were extrapolated using a terminal growth rate of 3% (2013: 0% to 3%) per annum. The terminal growth rate does not exceed the long-term average growth rate of the respective industry and country in which the entity operates. The discount rates applied to the cash flow projections are pre-tax and reflected a reasonable risk premium at the date of the assessment of the respective cash-generating units.

With regards to the assessment of value in use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materiality exceed its recoverable amount.

2014

WA and APG

During the current financial year ended 31 December 2014, the goodwill relating to WA and APG CGUs amounting to \$9,711,000 has been recognised in income statement under the line item “Other items of income” as part of the determination of gain/(loss) from disposal of subsidiaries, following the divestment of these entities.

SPC

During the current financial year ended 31 December 2014, an impairment loss was recognised to write-down fully the goodwill attributable to SPC CGU amounting to \$6,330,000 as a result of weaker growth rate projection to reflect market conditions.

2013

MFLEX

During the previous financial year ended 31 December 2013, the MFLEX CGU experienced a decline in market capitalisation due to declining share prices quoted on NASDAQ, and its financial performance was below forecasted results. As these circumstances presented indicators of impairment of the goodwill allocated to MFLEX CGU, an impairment assessment was performed on the goodwill allocated to MFLEX CGU. An impairment charge of \$2,785,000 was recognised within “Other items of expense” in the income statement. The recoverable amount was based on MFLEX CGU’s fair value less cost to sell, using the quoted price as at 31 December 2013.

Notes to the Financial Statements

For the financial year ended 31 December 2014

15 INTERESTS IN SUBSIDIARIES

	COMPANY	
	2014 \$000	2013 \$000
Quoted equity shares at cost	–	24,448
Unquoted equity shares at cost	263,047	263,747
Impairment losses	(62,163)	(62,163)
Carrying amount of investments	200,884	226,032
Loans receivable	1,065,988	1,524,245
Allowance for doubtful loans receivable	(50,400)	(51,779)
	1,015,588	1,472,466
	1,216,472	1,698,498
Market value of quoted shares	–	37,092

Included in loans receivable are non-interest bearing unsecured loans of \$662,883,000 (2013: \$266,185,000) which form part of the Company's net investment in the subsidiaries. The other loans receivable are unsecured and bear interest ranging from 0.15% to 6.5% (2013: 0.25% to 6.5%) per annum. All loans receivable are not expected to be repayable within the next 12 months.

Receivables that are impaired

At the end of the reporting period, the Company has provided an allowance of \$50,400,000 (2013: \$51,779,000) for impairment of the unsecured loans to certain subsidiaries. These subsidiaries have been suffering significant financial losses for the current and past financial years.

	COMPANY	
	2014 \$000	2013 \$000
Movement in the allowance account is as follows:		
At 1 January	(51,779)	(43,618)
Charge for the year	–	(13,026)
Written back	1,710	3,978
Exchange differences	(331)	887
At 31 December	(50,400)	(51,779)

2014

Disposal of subsidiaries

During the financial year ended 31 December 2014, the Group disposed of the following subsidiaries:

- In February 2014, the Group completed the disposal of the 100% shareholdings in Delichem Pte Ltd.
- In September 2014, the Group completed the disposal of UE Orchard Pte Ltd and UE Somerset Pte Ltd.
- In November 2014, the Group completed the following disposals:
 - 78% shareholding interest in Suzhou Industrial Park Jian Wu Heng Ye Property Development Co., Ltd.;
 - the entire issued and paid up share capital in MFS Technology (S) Pte Ltd and certain assets and liabilities identified on MFS Technology Ltd's balance sheet; and
 - the entire issued and paid up share capital in Wearnes Automotive Pte. Ltd. and Associated Motor Industries (Private) Limited subject to purchase price adjustment in accordance with the sale and purchase agreement. Subsequent to the year end, the Group has received a notice from the purchaser proposing adjustments to the purchase price amounting to \$23.0 million. The Group is of the opinion that the adjustments proposed by the purchaser are without merit, and accordingly no provision has been made in the financial statements.
- In December 2014, the Group accepted the voluntary conditional offer made by UECI and completed the divestment of UE E&C. The gain on disposal before tax was approximately \$43.5 million.

Notes to the Financial Statements

For the financial year ended 31 December 2014

15 INTERESTS IN SUBSIDIARIES (continued)

Acquisition of additional shareholding interests from non-controlling interests

During the financial year, UE Centennial Venture Pte. Ltd. acquired additional shareholding interest in WBL Corporation Limited (WBL) from its non-controlling interests via voluntary delisting offers to acquire all the issued ordinary stock units and outstanding convertible bonds of WBL for a consideration of \$131.8 million. As a result of the acquisition and the conversion of WBL convertible bonds, the Group's shareholding interest in WBL increased to 67.6%. The difference of \$9.7 million between the consideration paid and the carrying value of the additional interest acquired was recognised within equity.

2013

Acquisition of subsidiaries

On 29 May 2013 (the Acquisition Date), the Group's wholly-owned subsidiary, UE Centennial Venture Pte. Ltd. acquired 56.8% equity interest in WBL. Upon the acquisition, WBL and its subsidiaries (collectively known as WBL Group) became subsidiaries of the Group. The Group acquired WBL in order to expand and diversify the Group's development property portfolio, gain exposure to long-term growth opportunities in the property market of the PRC, harness synergies and explore opportunities to enhance value across the WBL Group's diverse portfolio of businesses. The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of WBL's net identifiable assets.

Transaction costs

Transaction costs related to the acquisition of approximately \$5.6 million were recognised in the "Administrative expenses" line item in the Group's consolidated income statement for the financial year ended 31 December 2013.

Trade and other receivables acquired

Trade and other receivables acquired comprise trade receivables and other receivables amounting to \$335.5 million which approximates fair value. It is expected that the full contractual amount of the receivables can be collected.

Goodwill arising from acquisition

Goodwill of \$18.6 million represents the synergies expected to be achieved from integrating the value-added midstream processing business of the subsidiaries into the Group's existing supply chain business. Goodwill is allocated to the technology, engineering, manufacturing and distribution and automotive businesses respectively. None of the goodwill recognised is expected to be deductible for income tax purposes.

Impact of the acquisition on income statement

From the Acquisition Date, WBL contributed \$1.37 billion of revenue and attributable loss of \$27.9 million to the Group's net profit for the financial year ended 31 December 2013. If the business combination had taken place at the beginning of 2013, the revenue from continuing operations would have been \$2.96 billion and the Group's attributable profit from continuing operations, net of tax would have been approximately \$118.5 million.

Gain on remeasuring previously held equity interest in WBL Group to fair value at date of acquisition

The Group recognised a deemed disposal gain of \$21.4 million from available-for-sale financial assets (previously held directly and indirectly through an associated company of UE Group) subsequently accounted for as subsidiaries following from the acquisition of WBL Group. The gain was included in the "Other income" line item in the Group's consolidated income statement for the financial year ended 31 December 2013.

Disposal of non-controlling interests

On 29 August 2013, the Company's subsidiary, United Engineers Developments Pte Ltd, disposed of its 19% shareholding interest in UE Managed Solutions Pte Ltd to its non-controlling interests for a cash consideration of \$5.7 million. The difference of \$2.1 million between the consideration and the carrying value of the shareholding interest disposed was recognised within equity.

Notes to the Financial Statements

For the financial year ended 31 December 2014

15 INTERESTS IN SUBSIDIARIES (continued)

The subsidiaries as at 31 December are as follows:

Name of company	Principal activities (Place of business) ¹	Effective equity interest held by the Group	
		2014 %	2013 %
Incorporated in Singapore			
Advance Chemical Finishing Pte Ltd	Struck off	—	56.2
Associated Motor Industries (Private) Limited	Leasing of premises to related companies	— ³	56.8
Delichem Pte Ltd	Specialty chemical products	— ³	100
Flex Solutions (Singapore) Pte Ltd	Dormant	— ³	48.6
Greatearth Construction Pte Ltd	Building contractors	— ³	68.2
Greatearth Corporation Pte Ltd	Building contractors	— ³	68.2
Greatearth Developments Pte Ltd	Real estate development and investment holding	— [@]	84.1
Greatearth Holding Pte Ltd	Investment holding	— ³	68.2
Maxdin Pte Ltd	Property investment and provision of project management services	— ³	68.2
MaxLee Development Pte Ltd	Property development and investment	— [@]	55.5
McAlister and Company, Limited	Supply of industrial equipment, general trading and general engineering (Singapore and Malaysia)	100	100
MFS Technology (S) Pte Ltd	Marketing of flexible printed circuits and associated assembly	— ³	48.6
MFS Technology Ltd	Investment holding	57	48.6
MPL Pte Ltd ⁶	Under liquidation	100	100
Multi-Fineline Electronix Singapore Pte. Ltd.*, ^β	Regional office	42.8	37.1
O'Connor's Holdings Pte Ltd	Investment holding	67.6	56.8
O'Connor's Singapore Pte Ltd	System Integrator and value-added reseller of security, telecommunication, scientific and medical systems	67.6	56.8
O'Connor's Technology Pte. Ltd.	Manufacture of medical tools, develop and manufacture systems for tracking equipment and consumables in hospitals, and distributions of software solutions	67.6	56.8

Notes to the Financial Statements

For the financial year ended 31 December 2014

15 INTERESTS IN SUBSIDIARIES (continued)

Name of company	Principal activities (Place of business) ¹	Effective equity interest held by the Group	
		2014 %	2013 %
Incorporated in Singapore (continued)			
Puffersoft Labs Pte. Ltd.	Dormant	54.1	45.4
Quality Engineering Pte Ltd	General building contractors and provision of security services	— ³	47.7
Shenyang Summer Palace Pte Ltd	Investment holding	67.6	56.8
SM Motors Private Limited	Ownership of land and building and property management	— ³	56.8
Speedling Investment Pte Ltd	Investment holding	67.6	56.8
UE Centennial Venture Pte Ltd	Investment holding	100	100
UE Development (Alexandra) Pte Ltd	Property development and leasing	100	100
UE Development (Anson) Pte Ltd	Property development and leasing	100	100
UE Development (Bendemeer) Pte Ltd	Property development	100	100
UE E&C Ltd.	Investment holding	— ³	68.2
UE Envirotech Pte Ltd	Investment holding and trading of specialised waste disposal equipment	100	100
UE Managed Solutions Pte Ltd ⁵	Investment holding	51	51
UE NEWater Pte Ltd	Environmental engineering and investment holding	100	100
UE One-North Developments Pte Ltd	Property development and leasing	100	100
UE Orchard Pte Ltd	Property development	— ³	100
UE Park Avenue International Pte Ltd	Hotel management services	100	100
UE Power & Resources Pte Ltd	Supply of machinery, equipment and metal products	— ³	68.2
UE Somerset Pte Ltd	Property development	— ³	100
UE Support Services Pte Ltd	Management services	100	100

Notes to the Financial Statements

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15 INTERESTS IN SUBSIDIARIES (continued)

Name of company	Principal activities (Place of business) ¹	Effective equity interest held by the Group	
		2014 %	2013 %
Incorporated in Singapore (continued)			
UE Trade Corporation Pte Ltd	Dormant	100	100
UE UMC Pte Ltd	Investment holding	100	100
UE Ville Developments Pte Ltd	Property development and leasing	100	100
UED Capital Venture Pte Ltd	Dormant	100	100
UE-IBP Building Materials Pte Ltd	Bulk supply of building materials	— ³	68.2
UES Holdings Pte Ltd	Environmental engineering and investment holding	100	100
UESH-BEWGI ENG. Pte Ltd	Water engineering service	80	—
UE H2O Pte Ltd	Environmental engineering and investment holding	100	100
UE Managed Solutions Singapore Pte Ltd ⁵	Provision of facilities management services	51	51
United Air Pte Ltd	Air-conditioning supply	— ³	68.2
United Engineers Developments Pte Ltd	Property facilities management and leasing	100	100
United Engineers (Singapore) Private Limited	Mechanical and electrical engineering	— ³	68.2
United Infrastructure Pte Ltd ⁴	Dormant	100	100
United Tech Park Pte Ltd	Struck off	—	90
United Wearnes Technology Pte Ltd	Investment holding	80.6	74.1
Wearne Brothers Properties (Private) Limited	Investment holding	67.6	56.8
Wearne Brothers Services (Private) Limited	Provision of management and financial services to related companies	67.6	56.8
Wearnes Automotive & Equipment Pte Ltd	Investment holding & property management	— ³	56.8

Notes to the Financial Statements

For the financial year ended 31 December 2014

15 INTERESTS IN SUBSIDIARIES (continued)

Name of company	Principal activities (Place of business) ¹	Effective equity interest held by the Group	
		2014 %	2013 %
Incorporated in Singapore (continued)			
Wearnes Automotive Pte. Ltd.	Investment holding, distribution and rental of motor vehicles, trading of motor vehicle parts and accessories and provision of related services	— ³	56.8
Wearnes Automotive Services Pte. Ltd.	Auto insurance agency	— ³	56.8
Wearnes Development (Private) Limited	Investment holding and provision of management services to related companies	67.6	56.8
Wearnes Engineering & Distribution Pte. Ltd.	Trading of marine and heavy equipment, and the supply and installation of building materials, industrial laundry, kitchen and food processing equipment, bottling and distribution of liquefied petroleum gas	67.6	56.8
Wearnes Hollingsworth Singapore Pte Ltd	Investment holding	64.4	59.2
Wearnes International (1994) Limited	Investment holding	67.6	56.8
Wearnes Precision (Private) Limited	Investment holding	67.5	56.2
Wearnes Technology (Private) Limited	Investment holding	67.5	56.2
WBL Corporation Limited	Investment holding and provision of management services to related companies	67.6	56.8
Incorporated in Malaysia			
APG Geo-Systems Sdn Bhd	Specialists geo-technical foundation engineering	— ³	61.4
APG Systems (E.M.) Sdn Bhd	Specialists construction, sub-contractor for other geo-technical works	— ³	61.4
Delichem Sdn Bhd	Provision of turnkey cleaning services	— ³	100
Far East Motors Malaysia Sendirian Berhad ²	Distribution of light industrial equipment	67.6	56.8
GE Construction Sdn Bhd	Building contractors and property developer	— ³	68.2

Notes to the Financial Statements

For the financial year ended 31 December 2014

15 INTERESTS IN SUBSIDIARIES (continued)

Name of company	Principal activities (Place of business) ¹	Effective equity interest held by the Group	
		2014 %	2013 %
Incorporated in Malaysia (continued)			
Kumpulan O'Connor's (Malaysia) Sdn Bhd ²	Investment holding	67.6	56.8
McAlister Engineering Sdn Bhd ²	Freight tank containers and other steel products	100	100
McAlister Holdings (Malaysia) Sdn Bhd ²	Project and business manager of property and buildings, general contractors	100	100
McAlister Trading (Malaysia) Sdn Bhd ²	Dormant	100	100
MFS Technology (M) Sdn Bhd	Manufacture of flexible printed circuits and associated assembly	— ³	48.6
Multi-Fineline Electronix Malaysia Sdn Bhd	Dormant	42.8	37.1
NCD Wearnes (Malaysia) Sdn Bhd	Liquidated	—	74.1
O'Connor's Engineering Sdn Bhd ²	System integrator and value-added reseller of security, telecommunication and technical systems	67.6	56.8
O'Connor's Enterprise Sdn Bhd ²	Property investment	67.6	56.8
O'Connor's Technologies Sdn Bhd ²	Distribution of specialised application software	67.6	56.8
Peninsular Smart Sdn Bhd ²	Property owner and property developer	100	100
Polytek-Wearnes Engineering Sdn Bhd ²	Dormant	67.6	56.8
Quality Edition Sdn Bhd	Property investment	— ³	68.2
UE ServiceCorp (Malaysia) Sdn Bhd ²	Investment holding	100	100
UED Developments (M) Sdn Bhd ²	Civil, electrical, mechanical engineers and contractors	100	100
UE Managed Solutions Malaysia Sdn Bhd ⁵	Provision of facilities management services	51	51
Wearne Brothers (1983) Sdn Bhd	Investment holding	— ³	56.8

Notes to the Financial Statements

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15 INTERESTS IN SUBSIDIARIES (continued)

Name of company	Principal activities (Place of business) ¹	Effective equity interest held by the Group	
		2014 %	2013 %
Incorporated in Malaysia <i>(continued)</i>			
Wearnes Autohaus Sdn. Bhd.	Selling and servicing of motor vehicles and sales of related spare parts	— ³	56.8
Wearnes Automotive Sdn Bhd	Selling and servicing of motor vehicles and sales of related spare parts	— ³	56.8
Wearnes Electronics (Malaysia) Sdn Bhd ²	Dormant	65.9	55.6
Wearnes Precision (Malaysia) Sdn Bhd	Liquidated	—	56.2
Incorporated in Brunei			
O'Connor's (B) Sdn Bhd	Dormant	67.6	56.8
United Engineers (B) Sdn Bhd	Civil, electrical, mechanical engineers and contractors	— ³	61.4
Incorporated in Indonesia			
PT UE Developments	Development and management of apartment (condominium) buildings and office buildings	100	100
PT UE Power Engineering Services	Trading of machinery equipment related to power industry and parts and consumables, service and maintenance of equipment management & engineering consultancy services	— ³	68.2
PT UE Prima Nusantara	Engineering services, export and import, rental services of generators and other related equipment, after sales services maintenance and repair of equipment	— ³	64.8
PT UE Sentosa ²	Engineering and construction projects	60	60
PT United Engineers Indonesia	Fabrication of steel structures	100	100
PT Wearnes Premium Era	Rental of property	— ³	51.1

Notes to the Financial Statements

For the financial year ended 31 December 2014

15 INTERESTS IN SUBSIDIARIES (continued)

Name of company	Principal activities (Place of business) ¹	Effective equity interest held by the Group	
		2014 %	2013 %
Incorporated in Thailand			
UE Precision Cleaning Company Limited	Supply of specialty chemical solvents and cleaning machines	— ³	100
UES (Thailand) Company Limited ⁶	Under liquidation	90	90
Incorporated in Vietnam			
UE Newater (Vietnam) Limited	Environmental engineering	100	100
United Engineers (Vietnam) Limited	Engineering and construction	— ³	68.2
Incorporated in Cambodia			
Media Services Limited	Dormant	— ³	100
United Media Limited	Dormant	— ³	100
Incorporated in Myanmar			
UE Myanmar Limited ⁴	Dormant	100	100
Incorporated in India			
UE Trade Corporation (India) Private Limited	Dormant	100	100
Incorporated in Hong Kong			
ServiceMaster Hong Kong Limited ⁵	Dormant	51	51
Sunique Company Limited	Liquidated	—	36.9
United Circuits (Hong Kong) Limited	Liquidated	—	65.6
Uniteers (Hong Kong) Limited	De-registered	—	100
Wearne Brothers (Hong Kong) Limited	Investment holding	67.6	56.8
Wearnes Motors (HK) Limited	Distribution of the Volvo and Renault cars and provision of related services	— ³	56.8
Wearnes Technology (Hong Kong) Limited	Under de-registration	67.5	56.2
Incorporated in Korea			
MFLEX Korea, Ltd ⁸	Regional office	42.8	37.1

Notes to the Financial Statements

For the financial year ended 31 December 2014

15 INTERESTS IN SUBSIDIARIES (continued)

Name of company	Principal activities (Place of business) ¹	Effective equity interest held by the Group	
		2014 %	2013 %
Incorporated in Taiwan			
UE Managed Solutions Taiwan Ltd ⁵	Provision of facilities management services	51	51
UE ServiceCorp (Taiwan) Limited ⁵	Provision of facilities management services	100	100
Wearnes Global Co. Ltd	Trading of electronic components	— [#]	48.3
Incorporated in The People's Republic of China			
Anhui Anxin Energy Co., Ltd.	Leasing of generator sets	— ³	68.2
Chengdu Huaxin International Realty Co., Ltd.	Property development	67.6	56.8
Chengdu Huaxin Ruitai Property Management Co., Ltd.	Property management	67.5	56.2
Chengdu Wearnes UEST Co., Ltd.	Production of bio-electronic products	57.2	48.3
Hengyang City UE Songmu Water Co., Ltd. ²	Industrial water supply	100	100
Huaxin Community Broadband Service Co., Ltd.	Investment holding	67.5	56.2
Jiaozuo UE Environmental Protection Technology Co., Ltd. ²	Treatment of medical waste and related activities	90	90
Kunming Speedling Co., Ltd.	Under liquidation	60.8	51.1
Liaocheng UE Environmental Protection Technology Co., Ltd. ²	Treatment of medical waste and related activities	90	90
MFLEX Chengdu Co., Ltd. ^β	Manufacture and assembly of flexible printed circuits	42.8	37.1
MFLEX Suzhou Co., Ltd. ^β	Manufacture and assembly of flexible printed circuits	42.8	37.1
MFS Technology (Hunan) Co., Ltd.	Manufacture and marketing of flexible printed circuits and associated assembly	— ³	48.6
MFS Technology (PCB) Co., Ltd.	Manufacture and marketing of printed circuit boards	— ³	48.6

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15 INTERESTS IN SUBSIDIARIES (continued)

Name of company	Principal activities (Place of business) ¹	Effective equity interest held by the Group	
		2014 %	2013 %
Incorporated in The People's Republic of China (continued)			
Park Avenue Management Services (Shanghai) Co., Ltd. ⁶	Under de-registration	100	100
Shanghai Wearnes Enterprise Management Co., Ltd.	Provision of management services for property development	67.6	56.8
Shaoyang UE Environmental Protection Technology Co., Ltd. ²	Treatment of medical waste and related activities	100	100
Shenyang Huaxin International City Development Co., Ltd.	Property development	67.6	56.8
Shenyang Huaxin International Realty Co., Ltd.	Property development	67.6	56.8
Shenyang Huaxin Property Management Co., Ltd. ⁶	Under liquidation	67.5	56.2
Shenyang Summer Palace Property Development Co., Ltd.	Property development	67.6	56.8
Shenzhen Technology Development Corporation ⁸	Dormant	40.6	34.1
Shenzhen Weko Biotechnology Limited	Dormant	60.8	51.1
Summer Palace Management Co., Ltd. ⁶	Under liquidation	67.6	56.8
Suzhou Future Agriworld Co., Ltd.	Agribusiness exhibition and trade emporium centre	56.2	47.1
Suzhou Industrial Park Jian Wu Heng Ye Property Development Co., Ltd.	Property development	— ³	44.3
Suzhou Speedling Co., Ltd.	Production and distribution of agricultural seedlings	62.6	52.8
Suzhou Wearnes Technology Co., Ltd.	Investment holding	67.5	56.2
Tangshan UE Shengxing Renewable Resources Co., Ltd. ⁵	Treatment of industrial waste oil	60	60
UE Asia Pacific (Beijing) Co., Ltd. ²	General activities	100	100
UE (Liaocheng) Water Co., Ltd. ²	Treatment of waste water and related activities	100	100
UE Aton Environment (Shanghai) Co., Ltd.	De-registered	—	70

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For the financial year ended 31 December 2014

15 INTERESTS IN SUBSIDIARIES (continued)

Name of company	Principal activities (Place of business) ¹	Effective equity interest held by the Group	
		2014 %	2013 %
Incorporated in The People’s Republic of China <i>(continued)</i>			
UE Envirotech (Beijing) Co., Ltd. ²	Treatment of medical waste and related activities	100	100
UE Envirotech (Chenzhou) Co., Ltd. ²	Treatment of medical waste and related activities	100	100
UE Envirotech (Ji’an) Co., Ltd. ²	Treatment of medical waste and related activities	100	100
UE Envirotech (Weifang) Co., Ltd. ²	Treatment of medical waste and related activities	100	100
UE Envirotech (Xinxiang) Co., Ltd. ²	Treatment of medical waste and related activities	100	100
Wearnes Automotive Changchun Co., Ltd.	Retailing of vehicles and other related services	— ³	56.8
Wearnes Components Shenyang Ltd.	Manufacture of electronic components	67.5	56.8
Wearnes Electronics Shenyang Ltd. ^β	Dormant	59.4	37.8
Wearnes Global (Suzhou) Co., Ltd.	Liquidated	—	56.2
Wearnes Hollingsworth (Shenyang) Ltd.	Liquidated	—	45.4
Wearnes Precision (Shenyang) Ltd.	Diecasting and precision engineering	67.5	56.2
Wearnes Technology (Shenyang) Ltd.	Property investment	54.1	45.4
Wuhan Wearnes Technology Co., Ltd.	Under liquidation	61.3	51.7
Yuan-Wearnes Technology (Changsha) Limited ^β	Dormant	37.2	31.2
Incorporated in Australia			
Pacific Silica Pty Ltd ^{2, β}	Mineral sand mining	49.9	42.0
Incorporated in Cayman Islands			
M-Flex Cayman Islands, Inc. ^β	Investment holding	42.8	37.1

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For the financial year ended 31 December 2014

15 INTERESTS IN SUBSIDIARIES (continued)

Name of company	Principal activities (Place of business) ¹	Effective equity interest held by the Group	
		2014 %	2013 %
Incorporated in Germany			
MFS Technology Europe UG	Marketing of flexible printed circuits and associated assembly	— ³	48.6
Incorporated in Netherland			
MFLEX B.V. ^β	Investment holding	42.8	37.1
Incorporated in United Kingdom			
MFLEX UK Limited ^β	Research and development	42.8	37.1
Wearnes Cambion Limited ²	Manufacture of electronic connectors	67.5	56.2
Incorporated in United States of America			
Multi-Fineline Electronix, Inc. ^{7,β}	Corporate headquarters and research and development	42.8	37.1
Speedling, Incorporated	Transplant technology provider and production of seedlings	67.6	56.8
Wearnes (USA), Inc	Investment holding	67.6	56.8

All the Singapore incorporated subsidiaries which are subject to an audit in 2014 (except for MFS Technology Ltd and Singapore incorporated subsidiary of MFLEX which are audited by PricewaterhouseCoopers LLP, Singapore) are audited by Ernst & Young LLP, Singapore.

In 2013, all the Singapore incorporated subsidiaries of WBL Group, which are subject to an audit, are audited by PricewaterhouseCoopers LLP, Singapore.

¹ Place of business in the respective countries of incorporation unless otherwise stated.

² Audited by member firms of Ernst & Young Global in the respective countries.

³ Subsidiaries disposed of during the financial year.

⁴ Not statutorily required to be audited.

⁵ During the financial year, the subsidiaries were reclassified as disposal group classified as held for sale (Note 10).

⁶ Not subject to audit as the subsidiary is under liquidation or in the process of de-registration.

⁷ Audited by PricewaterhouseCoopers LLP, Orange County, California.

[@] Arising from the Group's disposal of UE E&C Ltd., the company is accounted for as an associate/joint venture of the Group.

[#] During the financial year, the company was reclassified as an associate of the Group as a result of dilution in equity interest.

^{*} Singapore incorporated subsidiary of MFLEX.

^β Accounted for as subsidiary as the company was held through WBL.

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15 INTERESTS IN SUBSIDIARIES (continued)

The Group has the following subsidiaries which have non-controlling interests (NCI) material to the Group.

Name of Subsidiary	Principal activities	Proportion of ownership interest held by NCI	Profit/(loss) allocated to NCI during the reporting period \$000	Accumulated NCI at the end of the reporting period \$000	Dividends paid to NCI \$000
31 December 2014: WBL Corporation Limited	Investment holding and provision of management services to related companies	32.4%	42,590	261,982	9,546
Multi-Fineline Electronix, Inc and its subsidiaries	Manufacture and assembly of flexible printed circuits	57.2%	(18,443)	248,063	–
31 December 2013: WBL Corporation Limited	Investment holding and provision of management services to related companies	43.2%	18,429	284,701	6,299
Multi-Fineline Electronix, Inc and its subsidiaries	Manufacture and assembly of flexible printed circuits	62.9%	(78,182)	277,729	–

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised statement of financial position

	WBL Corporation Limited		Multi-Fineline Electronix, Inc and its subsidiaries	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Current				
Assets	220,292	39,503	462,261	445,216
Liabilities	(6,256)	(46,827)	(261,951)	(294,763)
Net current assets/(liabilities)	214,036	(7,324)	200,310	150,453
Non-current				
Assets	815,483	938,140	233,756	291,703
Liabilities	(220,932)	(271,786)	(389)	(615)
Net non-current assets	594,551	666,354	233,367	291,088
Net assets	808,587	659,030	433,677	441,541

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For the financial year ended 31 December 2014

15 INTERESTS IN SUBSIDIARIES (continued)

Summarised statement of comprehensive income

	WBL Corporation Limited		Multi-Fineline Electronix, Inc and its subsidiaries	
	January to December 2014 \$000	June to December* 2013 \$000	January to December 2014 \$000	June to December 2013* \$000
Revenue	11,602	47,627	800,216	553,823
Profit/(loss) before income tax	132,055	43,314	(9,337)	(128,367)
Income tax (expense)/benefit	(604)	(654)	(22,906)	4,072
Profit/(loss) after tax – continuing operations	131,451	42,660	(32,243)	(124,295)
Other comprehensive income	24,209	(23,415)	16,596	4,268
Total comprehensive income	155,660	19,245	(15,647)	(120,027)

* Consist of (7) seven months results as WBL Corporation Limited and its subsidiaries was consolidated with the Group from the month of June 2013.

Other summarised information

Net cash flows (used in)/from operations	(1,801)	(365)	41,686	15,178
Acquisition of significant property, plant and equipment	–	11	(20,289)	(22,313)

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16 INTERESTS IN ASSOCIATES

	GROUP		COMPANY	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Unquoted equity shares				
At cost	46,275	37,918	317	317
Impairment losses	(1)	(1)	(2)	(2)
Goodwill on acquisition	(1,023)	(1,023)	–	–
Currency realignment	(8,498)	(7,488)	–	–
Share of net gain on fair value changes recognised directly in other comprehensive income	2,540	4,940	–	–
Share of net post acquisition reserves	19,654	19,557	–	–
	58,947	53,903	315	315
Loans receivable	52,054	121,984	–	–
Amounts receivable	4,791	19,258	86	86
Amount payable	–	–	–	–
	56,845	141,242	86	86
Allowance for doubtful receivables	(86)	(86)	(86)	(86)
	56,759	141,156	–	–
	115,706	195,059	315	315

Included in loans receivable are interest bearing unsecured loans of \$10,745,000 (2013: \$61,693,000) which bear interest at 6.5% (2013: 5.0%) per annum. The other loans and amounts receivable are mainly non-trade in nature, unsecured, interest-free, to be settled in cash and are not expected to be repayable within the next 12 months.

The associates as at 31 December are as follows:

Name of company	Principal activities (Place of business) ¹	Effective equity interest held by the Group	
		2014 %	2013 %
Incorporated in Singapore			
Best Autos Pte Ltd	Importers and exporters of and traders in motor vehicles, related spare parts and accessories	— ³	23.8
BEWGI-UE NEWater (S) Pte Ltd	Water management services	20	—
BEWGI-H2O Pte Ltd	Operate and maintenance of waste water service	20	—
Coral Edge Development Pte Ltd	Property development and investment	— ³	20.5
Lycorpipe Investment Pte Ltd ^β	Investment holding	11	11
MaxLee Development Pte Ltd	Property development and investment	35 [@]	—

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16 INTERESTS IN ASSOCIATES (continued)

Name of company	Principal activities (Place of business) ¹	Effective equity interest held by the Group	
		2014 %	2013 %
Incorporated in Singapore (continued)			
RFNet Technologies Pte Ltd ^{4, β}	Solution provider for wireless broadband communication and sale of routers, electrical and computing related products	12.9	10.8
The Seletar Mall Pte Ltd ²	Property development and investment	30	30
Wingcrown Investment Pte Ltd	Property development and investment	— ³	13.6
Incorporated in Malaysia			
Apex Pharmacy Holdings Sendirian Berhad	Investment holding	30	30
Asia Travel Service (Malaysia) Sdn Bhd	Dormant	30	30
NS Bluescope Lysaght Malaysia Sdn Bhd	Steel roofings	40	40
UE E&C Sanjia (M) Sdn Bhd	Property development and construction and/or project management	— ³	20.5
Incorporated in Indonesia			
PT Grandauto Dinamika	Trading and distributing automotive	— ³	23.7
Incorporated in Thailand			
Rank P.T. O'Connor's Co., Ltd	Distribution and installation of electronic equipments and as a dealer for the sales of motor vehicles and operation of service centers	26.4	22.1
Incorporated in Taiwan			
Global Investment Holdings Co., Ltd ^β	Investment holding and financial services	13.9	11.7
Wearnes Global Co. Ltd	Trading of electronic components	32.8	—
Incorporated in The People's Republic of China			
Advance Science-Lab Industries (Panyu) Co., Ltd ^β	Manufacture of laboratory equipment and furniture	13.5	11.4
Laiyang Speedling Co., Ltd	Under liquidation	27.0	22.7
Suzhou Goldenway Enterprise Co., Ltd	Dormant	— ³	15.5

Notes to the Financial Statements

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16 INTERESTS IN ASSOCIATES (continued)

Name of company	Principal activities (Place of business) ¹	Effective equity interest held by the Group	
		2014 %	2013 %
Incorporated in United States of America			
Chrontel Inc	Development of integrated circuits	25.9	21.8

¹ Place of business in the respective countries of incorporation unless otherwise stated.

² Audited by KPMG LLP, Singapore.

³ Associates disposed of / deemed disposed of during the financial year.

⁴ During the financial year, the associate was reclassified as disposal group classified as held for sale (Note 10).

⁵ Accounted for as associate as the Group has significant influence over the financial and operating policy decisions of the investees.

⁶ Arising from the Group's disposal of UE E&C Ltd., the company is accounted for as an associate of the Group.

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

	GROUP	
	2014 \$000	2013 \$000
Assets and liabilities:		
Assets	815,548	1,511,954
Liabilities	(617,242)	(1,331,656)
 Profit/(loss) for the financial year	 4,045	 (7,788)
Other comprehensive income	(1,013)	19,701
Total comprehensive income	3,032	11,913

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For the financial year ended 31 December 2014

17 INTERESTS IN JOINT VENTURES

	2014 \$000	GROUP 2013 \$000
Unquoted equity shares, at cost	70,012	71,127
Currency realignment	90	192
Share of net post acquisition reserves	22,030	22,412
Dividends declared, net of tax	(14,116)	(5,938)
	78,016	87,793
Subordinated loans receivable	15,208	1,942
Subordinated amounts receivable	–	24,830
	15,208	26,772
	93,224	114,565

In 2014, the loans and amounts receivable from joint ventures are unsecured and interest free. In 2013, the subordinated loans to and amounts receivable from joint ventures are mainly non-trade, unsecured and bear interest of 5% to 10% per annum and are to be settled in cash. These loans and amounts receivable are subordinated to the repayment of bank loans.

The joint ventures as at 31 December are as follows:

Name of company	Principal activities (Place of business) ¹	Effective equity interest held by the Group	
		2014 %	2013 %
Incorporated in Singapore			
Balmoral Development Pte Ltd	Property development	50	50
Greatearth Developments Pte Ltd	Real estate development and investment holding	50 [@]	–
HUGE Development Pte Ltd	Real estate developers	– ²	20.5
Winpride Investment Pte Ltd	Property development and investment	– ²	16.8

Notes to the Financial Statements

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17 INTERESTS IN JOINT VENTURES (continued)

Name of company	Principal activities (Place of business) ¹	Effective equity interest held by the Group	
		2014 %	2013 %
Incorporated in Malaysia			
Permata Alasan (M) Sdn Bhd	Property development and property investment	33.8	28.4
Renown Heritage Sdn Bhd	Property investment	33.8	28.4
Incorporated in Indonesia			
PT Wahana Auto Ekamarga	Trading and workshop for cars	— ²	28.4
Incorporated in Thailand			
First Class Automotive Co., Ltd	Dormant	— ²	27.8
Incorporated in Vietnam			
CT-Wearnes Vietnam Company Limited	Dormant	— ²	27.8
Incorporated in The People's Republic of China			
Chongqing City Garden Co., Ltd	Dormant	— ²	15.9
Chongqing Huaxin International Urban Development Co., Ltd.	Property development	— ²	31.2
Chongqing Huaxin International Realty Co., Ltd.	Property development	33.8	28.4
Shanghai Olympic Garden Property Development Co., Ltd.	Property development	30.5	25.6
Shanghai Olympic Sports Center Co., Ltd	Provision of sport facilities and other related services	30.5	25.6
Shanghai Olympics Property Management Co., Ltd.	Property management	30.5	25.6
Suzhou Huaxin International Real Estate Co., Ltd.	Property development	22.5	18.9
Suzhou Industrial Park Huaxin International Urban Development Co., Ltd.	Property development	32.1	27.0

¹ Place of business in respective countries of incorporation unless otherwise stated.

² Joint ventures disposed of / deemed disposed of during the financial year.

© Arising from the Group's disposal of UE E&C Ltd., the company is accounted for as a joint venture of the Group.

Notes to the Financial Statements

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17 INTERESTS IN JOINT VENTURES (continued)

The summarised financial information of joint ventures relating to the Group's interest in the joint ventures which are not individually material, are as follows:

	2014 \$000	GROUP 2013 \$000
Assets and liabilities:		
Assets	120,071	230,769
Liabilities	(42,058)	(142,976)
(Loss)/profit after tax from continuing operations	(382)	6,961
Other comprehensive income	921	2,029
Total comprehensive income	539	8,990

18 DEFERRED TAX

	2014 \$000	GROUP 2013 \$000
Balance at beginning of the financial year	53,008	22,430
Acquisition of subsidiaries	–	62,928
Disposal of subsidiaries	(39,547)	–
Currency realignment	(1,261)	(742)
Credited to equity	(4,374)	(1,130)
Debited/ (credited) to income statement (Note 9)		
- current year	5,609	(30,569)
- under provision in respect of prior year	8,119	91
Balance at end of the financial year	21,554	53,008

The deferred taxation arises as result of:

Deferred tax liabilities

Accrued income on completed project	58,771	87,304
Convertible bonds	–	68
Excess of net book value over the tax written down value of property, plant and equipment	4,705	14,783
Fair value change of investment properties	7,394	7,769
Others	1,762	1,404
Unremitted earnings	5,444	4,856
	78,076	116,184

Deferred tax assets

Excess of tax written down value over net book value of property, plant and equipment	(9,297)	(10,911)
General provisions	(21,418)	(37,772)
Provision for rental top-up	(16,600)	–
Share-based compensation	(171)	(6,991)
Tax losses	(9,036)	(7,502)
	(56,522)	(63,176)
	21,554	53,008

Notes to the Financial Statements

For the financial year ended 31 December 2014

18 DEFERRED TAX (continued)

Unrecognised tax losses, reinvestment allowance and capital allowances

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profit is probable. As at 31 December 2014, the Group has unabsorbed tax losses, reinvestment allowance and unutilised capital allowances of approximately \$495,763,000 (2013: \$462,221,000), \$4,781,000 (2013: \$9,610,000) and \$5,536,000 (2013: \$6,876,000) respectively, available for set-off against future assessable income subject to agreement with the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Deferred tax liabilities have not been recognised for withholding and other taxes that would be payable on the unremitted earnings of \$170,151,000 (2013: \$198,354,000) of certain overseas subsidiaries as the timing of the reversal of the temporary difference arising from such amounts can be controlled and it is probable that such temporary difference will not reverse in the foreseeable future.

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company in the current and previous financial years but not recognised as a liability in the financial statements (Note 31).

19 OTHER INVESTMENTS

	GROUP		COMPANY	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Non-current:				
Available-for-sale financial assets				
Quoted equity shares, at fair value	23,612	23,166	–	–
Unquoted equity shares, at fair value	8,488	8,887	6,808	7,202
Unquoted equity shares, at cost	120	221	–	–
	32,220	32,274	6,808	7,202
Current:				
Held for trading investments				
Quoted equity shares, at fair value	–	305	–	–
	–	305	–	–

Notes to the Financial Statements

For the financial year ended 31 December 2014

20 INVENTORIES

	2014 \$000	GROUP 2013 \$000
Statement of financial position:		
Inventories, at lower of cost and net realisable value		
- Engineering supplies and raw materials (at cost)	328	43,798
- Trading inventories and finished goods (at lower of cost and net realisable value)	121,794	221,685
- Work-in-progress	–	37,616
Total inventories at 31 December	122,122	303,099
 Inventories are stated after deducting allowance of	 22,504	 23,017
Income statement:		
Inventories recognised as an expense in cost of sales	639,001	781,588

For the financial year ended 31 December 2014, no inventories are pledged as collateral for banking facilities. Inventories amounting to approximately \$23,462,000 were pledged as collateral for banking facilities of certain subsidiaries for the financial year ended 31 December 2013.

21 TRADE AND OTHER RECEIVABLES

	2014 \$000	GROUP 2013 \$000	2014 \$000	COMPANY 2013 \$000
Total trade and other receivables (current):				
Trade receivable	267,863	490,625	6,739	5,466
Allowance for doubtful receivables	(7,889)	(8,742)	(20)	(13)
	259,974	481,883	6,719	5,453
Other receivables:				
Claims/expenses recoverable	266	1,462	6	482
Deposits	6,864	17,168	205	690
Due from subsidiaries	–	–	39,841	37,639
GST receivables	–	27,982	–	–
Project advance	7,761	9,170	–	–
Sundry receivables	26,310	43,056	117	72
	41,201	98,838	40,169	38,883
Allowance for doubtful receivables	(2,832)	(6,844)	(2,052)	(1,984)
	38,369	91,994	38,117	36,899
	298,343	573,877	44,836	42,352

Notes to the Financial Statements

For the financial year ended 31 December 2014

21 TRADE AND OTHER RECEIVABLES (continued)

	GROUP		COMPANY	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Total trade receivables (non-current):				
Retention sums	104	11,499	–	–
Total trade and other receivables (current and non-current)	298,447	585,376	44,836	42,352
Add:				
Loans and amounts receivables:				
- Subsidiaries (Note 15)	–	–	1,015,588	1,472,466
- Associates (Note 16)	56,759	141,156	–	–
- Joint ventures (Note 17)	15,208	26,772	–	–
Total trade and other receivables (current and non-current)	370,414	753,304	1,060,424	1,514,818
Bank balances and deposits (Note 24)	650,247	905,399	60,276	38,399
Total loans and receivables	1,020,661	1,658,703	1,120,700	1,553,217

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 day terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Included in the trade receivables are \$1,692,000 (2013: \$47,347,000) of retention sums relating to construction contracts.

The Group's trade receivables denominated in foreign currencies (with reference to the respective functional currencies of the Company and the respective subsidiaries) as at 31 December 2014 are as follows:

- \$10,219,000 (2013: \$39,480,000) denominated in United States Dollars and
- \$2,193,000 (2013: \$5,635,000) denominated in other foreign currencies.

Due from subsidiaries

Amounts receivable from subsidiaries are mainly non-trade in nature, unsecured, to be settled in cash and bear interest of 6.5% (2013: 6.5%) per annum except for \$Nil (2013: \$917,000) which are interest-free and are payable on demand. Interest rates are repriced at intervals of 1, 2, 3 or 6 months.

Receivables that are past due but not impaired

The Group has trade and other receivables amounting to \$43,343,000 (2013: \$82,748,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	GROUP	
	2014 \$000	2013 \$000
Trade and other receivables past due but not impaired:		
Less than 30 days	25,819	33,490
30 to 60 days	5,476	14,112
61 to 90 days	2,402	5,716
91 to 120 days	6,004	2,650
More than 120 days	3,642	26,780
	43,343	82,748

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21 TRADE AND OTHER RECEIVABLES (continued)

Receivables that are impaired

The Group's trade and other receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	GROUP Individually impaired	
	2014 \$000	2013 \$000
Trade and other receivables - nominal amounts	11,889	41,119
Less: Allowance for impairment	(10,721)	(15,586)
	1,168	25,533

	Trade receivables		Other receivables	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Movement in allowance accounts:				
At 1 January	(8,742)	(6,731)	(6,844)	(6,502)
Charge for the year	(1,742)	(3,903)	(1,841)	(806)
Written-off	989	686	210	–
Written back	1,645	157	5,730	476
Exchange differences	(39)	1,049	(87)	(12)
At 31 December	(7,889)	(8,742)	(2,832)	(6,844)

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

22 GROSS AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	GROUP	
	2014 \$000	2013 \$000
Costs incurred and attributable profits less recognised losses to-date	193,527	884,139
Less: Progress billings	(157,558)	(880,245)
Amounts due from customers for contract work, net	35,969	3,894
Presented as:		
Gross amount due from customers for contract work	39,004	23,953
Gross amount due to customers for contract work	(3,035)	(20,059)
	35,969	3,894
Included in progress billings are retention sums of	1,302	43,809

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23 PROPERTIES HELD FOR SALE

	2014 \$000	GROUP 2013 \$000
Completed properties, at cost		
Land cost	10,793	9,446
Development costs	118,495	59,288
	129,288	68,734
Properties under development		
Land cost	654,101	930,177
Development expenditure	568,034	672,907
Interest costs	49,787	53,736
	1,271,922	1,656,820
Add: Attributable profits	22,191	2,451
	1,294,113	1,659,271
Less: Progress billings	(293,264)	(118,469)
	1,000,849	1,540,802
	1,130,137	1,609,536

During the financial year, the Group writes down certain properties under development by \$15,858,000 (2013: \$Nil), based on an independent professional valuation performed as at 31 December 2014.

Interest capitalised during the financial year is \$21,696,000 (2013: \$24,960,000) at rates ranging from 1.0% to 8.0% (2013: 1.7% to 7.0%) per annum.

Properties held for sale amounting to \$960,199,000 (2013: \$1,445,138,000) have been mortgaged to secure term loan facilities of certain subsidiaries (Note 27).

Certain projects amounting to \$767,123,000 (2013: \$837,589,000) included in properties held for sale are expected to be recovered more than twelve months after the reporting period.

The following table provides information about agreements that are in progress at the reporting date whose revenue is recognised based on percentage of completion method:

	2014 \$000	GROUP 2013 \$000
Aggregate costs incurred and recognised to date, including attributable profits	827,185	686,804
Less: Progress billings	(293,264)	(118,469)
	533,921	568,335

During the financial year, cost of sales amounting to \$443,829,000 (2013: \$37,374,000) relating to development properties recognised based on percentage of completion method were recorded.

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For the financial year ended 31 December 2014

24 BANK BALANCES AND DEPOSITS

	GROUP		COMPANY	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Cash at banks and in hand	390,484	581,996	22,076	30,499
Fixed deposits	64,639	230,968	38,200	7,900
Project accounts	88,998	92,435	–	–
Restricted deposits	106,126	–	–	–
	650,247	905,399	60,276	38,399

The Group's bank balances and deposits denominated in foreign currencies (with reference to the respective functional currencies of the Company and the respective subsidiaries) as at 31 December 2014 are as follows:

- \$5,143,000 (2013: \$24,882,000) denominated in United States Dollars; and
- \$2,288,000 (2013: \$4,428,000) denominated in other foreign currencies.

Bank balances and deposits earn interest at effective interest rates ranging from 0.03% to 7.25% (2013: 0.01% to 7.25%) per annum. Short-term deposits are made for varying periods of between one day and three months depending on the cash requirements of the Group, and earn interests at the respective short-term deposit rates.

The project accounts are maintained in accordance with the Project Account Rules – 1997 Ed. Withdrawals are restricted to payments for expenditure incurred on development projects. A sum of \$40,000,000 (2013: \$22,000,000) of the project accounts has been placed in fixed deposits as at year end.

Restricted deposits represent cash placed in an escrow account. This is in compliance with SGX-ST's Rules as a Singapore-listed subsidiary of the Group, MFS Technology Ltd ("MFS"), ceased to have any operating business and is deemed a cash company after the sale by MFS of the disposed assets and liabilities on 18 November 2014. MFS has until 18 November 2015 to acquire a new business.

The amount placed in escrow account cannot be drawn down until the completion of the acquisition of a business by MFS, except for payment of expenses to be incurred in a reverse takeover approved by MFS shareholders and pro-rata distributions to MFS shareholders.

25 SHARE CAPITAL AND TREASURY SHARE

	GROUP AND COMPANY			
	2014		2013	
	No. of shares 000	\$000	No. of shares 000	\$000
(a) Share Capital				
Issued and fully paid:				
7.5 cents cumulative preference shares	875	875	875	875
Ordinary shares issued and fully paid:				
Balance at 1 January	624,429	792,936	305,408	327,114
Share options exercised	857	1,415	918	1,528
Conversion of convertible bonds (Note 28)	11,783	12,044	9,007	9,968
Issuance of Rights Shares	–	–	309,096	454,326
Balance at 31 December	637,069	806,395	624,429	792,936
	637,944	807,270	625,304	793,811

Notes to the Financial Statements

For the financial year ended 31 December 2014

25 SHARE CAPITAL AND TREASURY SHARE (continued)

The holders of ordinary and preference shares are entitled to receive dividends as and when declared by the Company. The ordinary shares have no par value. The voting rights of the shares are as follows:

- Preference Share – One vote for every member present in person or by proxy or attorney; upon a poll, one vote for each share held by every member present in person or by proxy or attorney.
- Ordinary Stock – One vote for every member present in person or by proxy or attorney; upon a poll, one vote for each stock unit held by every member present in person or by proxy or attorney.

The Company undertook a renounceable rights issue of 309,096,083 new ordinary shares in the capital of the Company (the Rights Shares) at an issue price of S\$1.50 for each Rights Share on the basis of one Right Share for every one existing stock unit in the capital of the Company. The Rights Shares were issued on 18 September 2013, and listed for quotation on the Main Board of the SGX-ST on 19 September 2013.

Outstanding options

Movement in the number of options during the financial year is as follows:

Date of Grant	Exercise Period	Exercise Price	Balance as at 01.01.14	No. of shares under option exercised during the financial year	No. of shares under option forfeited during the financial year	Balance as at 31.12.14
25.11.04	25.11.05 to 24.11.14	\$1.43	245,911	245,911	–	–
30.11.05	30.11.06 to 29.11.15	\$1.63	479,126	260,361	98,482	120,283
27.11.06	27.11.07 to 26.11.16	\$1.90	723,252	299,955	189,333	233,964
6.12.07	6.12.08 to 5.12.17	\$3.31	1,535,040	–	400,494	1,134,546
20.05.09	20.05.10 to 19.05.19	\$1.36	185,990	50,980	251	134,759
			3,169,319	857,207	688,560	1,623,552

	2014		GROUP	
	No. of shares 000	\$000	No. of shares 000	\$000
(b) Treasury shares				
Balance at 1 January	(21,712)	(62,313)	–	–
Addition arising from acquisition of subsidiaries	–	–	(21,712)	(62,313)
Balance at 31 December	(21,712)	(62,313)	(21,712)	(62,313)

Treasury shares relate to ordinary shares of the Company that is held by a subsidiary. Under the Singapore Companies Act, Chapter 50, the subsidiary is required to dispose of its shareholding in the Company within 12 months of becoming a subsidiary. The subsidiary has successfully applied and obtained extension from the Court of Singapore which ruled that the period within which the Company shall dispose of its shares in the Company be extended to 24 months from the date it became a subsidiary of the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2014

26 OTHER RESERVES

GROUP

	AFS reserve \$000	Share option reserve \$000	Translation reserve \$000	Equity component of convertible bonds \$000	Capital reserve on change in non- controlling interests \$000	Gain or loss on reissuance of treasury shares \$000	Capital reserve on fair value gain from long-term loans \$000	Exercise of shares options of subsidiaries and related income tax benefit \$000	Others reserves, total \$000
Opening balance at 01/01/2014	9,093	4,183	(4,059)	14,667	6,013	2,659	2,222	1,937	36,715
Gains on exchange differences on translation, net of tax	–	–	15,077	–	–	–	–	–	15,077
Gains on remeasuring available-for-sale financial assets, net of tax	87	–	–	–	–	–	–	–	87
Realisation of reserves to income statement on disposal of subsidiaries, net of tax	(869)	–	–	–	(4,455)	–	–	–	(5,324)
Share of other comprehensive income from equity-accounted associate, net of tax	(298)	–	–	–	–	–	–	–	(298)
Equity portion of convertible bonds	–	–	–	(9)	–	–	–	–	(9)
Transfer of equity component of convertible bonds to retained earnings upon lapse of the conversion option	–	–	–	(14,658)	–	–	–	–	(14,658)
Additional interests in subsidiaries	–	–	–	–	(8,892)	–	–	–	(8,892)
Dilution of interests in subsidiaries	–	–	–	–	(3,662)	–	–	–	(3,662)
Employee share option scheme/ share appreciation rights: - value of employee services	–	36	–	–	–	–	–	2,941	2,977
Income tax benefit arising from share-based compensation	–	–	–	–	–	–	–	1,111	1,111
Reclassification of reserves to retained earnings upon disposal of interests in subsidiaries	–	–	–	–	(2,092)	–	–	–	(2,092)
Closing balance at 31/12/2014	8,013	4,219	11,018	–	(13,088)	2,659	2,222	5,989	21,032

Notes to the Financial Statements

For the financial year ended 31 December 2014

26 OTHER RESERVES (continued)

GROUP

	AFS reserve \$000	Share option reserve \$000	Translation reserve \$000	Equity component of convertible bonds \$000	Capital reserve on change in non- controlling interests \$000	Gain or loss on reissuance of treasury shares \$000	Capital reserve on fair value gain from long-term loans \$000	Exercise of shares options of subsidiaries and related income tax benefit \$000	Others reserves, total \$000
Opening balance at 01/01/2013	33,508	4,081	(4,142)	14,637	8,065	–	–	–	56,149
Gains on exchange differences on translation, net of tax	–	–	83	–	–	–	–	–	83
Gains on remeasuring available-for-sale financial assets, net of tax	11,844	–	–	–	–	–	–	–	11,844
Realisation of reserves to income statement on deemed disposal of available-for-sale financial assets, net of tax	(1,895)	–	–	–	–	–	–	–	(1,895)
Realisation of reserves to income statement on disposal of available-for-sale financial assets, net of tax	(11,922)	–	–	–	–	–	–	–	(11,922)
Realisation of reserves to income statement on deemed disposal of available-for-sale financial assets held through associates, net of tax	(19,520)	–	–	–	–	–	–	–	(19,520)
Share of other comprehensive income from equity-accounted associate, net of tax	(2,922)	–	–	–	–	–	2,222	–	(700)
Gain on sale of the Company nil-paid rights held by subsidiary	–	–	–	–	–	2,659	–	–	2,659
Equity portion of convertible bonds	–	–	–	30	–	–	–	–	30
Additional interests in subsidiaries	–	–	–	–	(654)	–	–	–	(654)
Dilution of interests in subsidiaries	–	–	–	–	(1,398)	–	–	–	(1,398)
Employee share option scheme/ share appreciation rights: - value of employee services	–	102	–	–	–	–	–	1,417	1,519
Income tax benefit arising from share-based compensation	–	–	–	–	–	–	–	520	520
Closing balance at 31/12/2013	9,093	4,183	(4,059)	14,667	6,013	2,659	2,222	1,937	36,715

Notes to the Financial Statements

For the financial year ended 31 December 2014

26 OTHER RESERVES (continued)

COMPANY

	AFS reserve \$000	Share option reserve \$000	Equity component of convertible bonds \$000	Other reserves, total \$000
Opening balance at 01/01/2014	5,972	4,081	14,652	24,705
Gains on remeasuring available-for-sale financial assets, net of tax	(359)	–	–	(359)
Equity portion of convertible bonds	–	–	6	6
Transfer of equity component of convertible bonds to retained earnings upon lapse of the conversion option	–	–	(14,658)	(14,658)
Closing balance at 31/12/2014	5,613	4,081	–	9,694
Opening balance at 01/01/2013	5,709	4,081	14,637	24,427
Gains on remeasuring available-for-sale financial assets, net of tax	263	–	–	263
Equity portion of convertible bonds	–	–	15	15
Closing balance at 31/12/2013	5,972	4,081	14,652	24,705

- AFS reserve records the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are derecognised or impaired.
- Share option reserve represents the equity-settled share options granted to employees (Note 34). The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options.
- Translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.
- Equity component of convertible bonds reserve represents the residual amount of convertible bonds after deducting the fair value of the liability component. This amount is presented net of transaction costs and deferred tax liability arising from convertible bonds.
- Capital reserve on change in non-controlling interests is used to record the differences arising from the movement in non-controlling interests resulting from the restructuring of the Group.
- Gain or loss on reissuance of treasury shares represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.
- Capital reserve on fair value gains from long-term loans relates to fair value gains from shareholders loans of an associate.

Notes to the Financial Statements

For the financial year ended 31 December 2014

27 BORROWINGS

	GROUP		COMPANY	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Current				
Bank overdrafts:				
- unsecured	6,303	16,453	–	–
Bank trust receipts and bills payable:				
- unsecured	–	1,146	–	–
Convertible bonds:				
- United Engineers Limited 1.0% Convertible bonds ⁽¹⁾ (Note 28)	–	12,669	–	12,669
- WBL Corporation Limited 2.5% Convertible bonds ⁽¹⁾	–	3,124	–	–
Bank terms loans:				
- secured	153,540	501,295	–	200,582
- unsecured	173,932	578,380	115,000	417,971
	327,472	1,079,675	115,000	618,553
	333,775	1,113,067	115,000	631,222
Non-current				
Unsecured bank borrowings under MTN Programme	247,318	247,591	250,568	250,841
Bank term loans				
- secured				
- Repayable within 2 years	534,337	10,260	–	–
- Repayable within 3 to 5 years	573,010	1,188,164	–	–
	1,107,347	1,198,424	–	–
- unsecured				
- Repayable within 2 years	26,561	179,062	25,500	33,000
- Repayable within 3 to 5 years	1,908	144,132	–	70,500
	28,469	323,194	25,500	103,500
	1,383,134	1,769,209	276,068	354,341
Total borrowings	1,716,909	2,882,276	391,068	985,563

⁽¹⁾ The \$132,974,599 1%, 5 years convertible bonds issued by the Company in 2009 and the \$158,427,479 2.5%, 5 years convertible bonds by WBL Corporation Limited in 2009 matured on 3 March 2014 and 10 June 2014 respectively. These convertible bonds have been fully redeemed on the maturity date and there are no convertible bonds outstanding at the end of the financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2014

27 BORROWINGS (continued)

Bank overdrafts, trust receipts and bills payable bear effective interest rates ranging from 7.0% to 8.4% (2013: 1.4% to 8.1%) per annum. Bank overdrafts are repayable on demand. Trust receipts and bills payable are repriced at intervals of 3 to 6 months.

The banking facilities of certain subsidiaries are secured by mortgages on their respective properties (Note 12), debentures over their other assets, assignment of rental proceeds in respect of investment properties and covered by corporate guarantees given by their respective holding companies.

Unsecured borrowings under the MTN Programme comprise fixed rate notes with interest at 4.2% per annum. The notes are expected to be repayable by 2017.

The Group's floating rate term loans comprise:

	Effective interest rate % p.a.	2014 Maturity	Total \$000	Effective interest rate % p.a.	2013 Maturity	Total \$000
Singapore Dollars	1.5 – 3.5	2015 – 2018	1,207,423	1.5 – 3.5	2014 – 2018	2,256,249
Malaysian Ringgit	5.7 – 6.9	2015	7,605	5.1 – 6.6	2014	21,988
Chinese Renminbi	7.0 – 7.2	2015 – 2017	138,303	6.8 – 8.1	2014 – 2016	205,250
United States Dollars	2.7 – 5.9	2015	7,549	2.7 – 5.9	2014 – 2015	8,330
Other currencies	11.5 – 12.5	2015	1,771	2.3 – 10.8	2014	7,428
			<u>1,362,651</u>			<u>2,499,245</u>

Term loans of \$2,251,832,000 (2013: \$2,572,267,000) of the subsidiaries are secured by mortgages on their respective properties and debentures over their assets (Notes 12, 13 and 23).

The Company does not have any secured borrowings at the end of the financial year. In 2013, term loan of \$200,582,000 of the Company was secured by a first fixed charge of 100% shareholding in a wholly owned subsidiary, UE Orchard Pte Ltd, as well as assignments of the shareholder's loans, insurances, development documents, project documents and bank accounts.

28 CONVERTIBLE BONDS

On 3 March 2009, the Company issued 1% coupon-rate convertible bonds denominated in Singapore Dollars with a nominal value of \$132,974,599. The bonds are due for repayment five years from the issue date at their nominal value of \$132,974,599 or conversion into shares of the Company at the holder's option at the rate of \$1.34 per conversion share.

As a result of the Rights Issue (disclosed in Note 25), the conversion price of the convertible bonds was adjusted from \$1.34 per stock unit to \$1.02 per stock unit with effect from 18 September 2013.

The fair value of the liability component, included in borrowings, is calculated using a market interest rate for an equivalent non-convertible bond at the date of issue. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in other reserves (Note 26), net of deferred taxes.

On 3 March 2014, the Company announced that all the convertible bonds had been fully redeemed on the maturity date and there were no convertible bonds outstanding at the end of the financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2014

28 CONVERTIBLE BONDS (continued)

The carrying amount of the liability component of the convertible bonds at the end of the reporting period is arrived at as follows:

	GROUP AND COMPANY	
	2014 \$000	2013 \$000
Liability component at 1 January	12,669	21,986
Conversion into share capital (Note 25)	(12,044)	(9,968)
Interest expense (Note 7)	268	717
Interest accrual	(893)	(66)
Liability component at 31 December (Note 27)	–	12,669

29 PROVISIONS

	Rental top-up \$000	GROUP Development charge \$000	Total \$000
At 1 January 2014	105,513	–	105,513
Additions during the year	5,900	20,000	25,900
Utilised during the year	(13,718)	–	(13,718)
At 31 December 2014	97,695	20,000	117,695
As at 31 December 2014 (Current)	14,861	–	14,861
As at 31 December 2014 (Non-current)	82,834	20,000	102,834
	97,695	20,000	117,695
As at 31 December 2013 (Current)	19,584	–	19,584
As at 31 December 2013 (Non-current)	85,929	–	85,929
	105,513	–	105,513

Rental top-up

The provision for rental top-up relates to rental income support for the business park and the retail spaces of *UE BizHub EAST*, which is equivalent to the differences between the agreed amount and net property income, being rental income received from tenants by REIT trustee net of operating expenses, for each 12-month period commencing from the completion date over a duration of 4 to 9 years (2013: 5 to 10 years). Assumptions used to calculate the provision for the rental top-up were based on current occupancy level, rental rate and current information available to compute the net operating expenses.

Development charge

The provision for development charge relates to the undertaking provided by a subsidiary to the share purchaser in connection with the divestment of the Group's Automotive business. The undertaking is for the subsidiary to pay a maximum sum of \$20.0 million for its share of any potential development charge and/or differential premiums payable by the share purchaser to government agencies or local authority in respect of certain properties located in Singapore in order to secure or obtain from such properties the benefit of any increase in plot ratio up the maximum allowable in respect of the approved use and zoning of such properties. The undertaking will continue up to the date falling 10 years from the date of completion of the sale of the Automotive business.

Notes to the Financial Statements

For the financial year ended 31 December 2014

30 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Total trade and other payables (current):				
Trade payables	254,950	417,716	400	80
Other payables:				
Accrued property development cost	7,310	24,470	–	–
Accrued staff cost	13,607	36,512	1,964	2,197
Accrued job cost	40,820	184,995	–	–
Accrued operating expenses	56,771	71,377	–	–
Deferred income	7,944	11,143	–	–
Deposits	18,500	32,046	6,551	6,659
Due to subsidiaries	–	–	829	208
Interest payable	5,729	11,143	5,929	6,479
Other accruals	49,305	28,958	4,891	4,098
Payable for purchase of property, plant and equipment	9,212	13,819	–	–
Progress billing received in advance	5,305	203,338	–	–
Sundry payables	38,756	78,918	646	691
	253,259	696,719	20,810	20,332
	508,209	1,114,435	21,210	20,412
Total trade and other payables (non-current):				
Other payables	400	2,001	–	–
Retention sums	2,153	13,492	–	–
	2,553	15,493	–	–
Total trade and other payables (current and non-current)	510,762	1,129,928	21,210	20,412
Add:				
Borrowings (Note 27)	1,716,909	2,882,276	391,068	985,563
Less:				
Deferred income	(7,944)	(11,143)	–	–
Progress billing received in advance	(5,305)	(203,338)	–	–
Total financial liabilities carried at amortised cost	2,214,422	3,797,723	412,278	1,005,975

Trade payables / Other payables

Trade payables are non-interest bearing and are normally settled on 30 to 60 day terms.

The Group's payables denominated in foreign currencies (with reference to the respective functional currencies of the Company and the respective subsidiaries) as at 31 December 2014 are as follows:

- \$3,393,000 (2013: \$17,066,000) denominated in United States Dollars,
- \$842,000 (2013: \$17,405,000) denominated in Great British Pound, and
- \$2,361,000 (2013: \$7,210,000) denominated in other foreign currencies.

Other payables are non-interest bearing and have an average term of six months.

Due to subsidiaries

Amounts payable to subsidiaries are mainly non-trade in nature, unsecured, interest-free, repayable on demand and to be settled in cash.

Notes to the Financial Statements

For the financial year ended 31 December 2014

31 DIVIDENDS PAID

The following dividends were paid:

	GROUP		COMPANY	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Declared and paid during the financial year:				
Cumulative Preference Shares:				
Tax exempt (one-tier) dividend of 7.5 cents (2013: 7.5 cents)	66	66	66	66
Ordinary Stock:				
- First and final tax exempt (one-tier) dividend of 5 cents (2013: 5 cents)	30,746	15,415	31,832	15,415
- Special tax exempt (one-tier) dividend of 2 cents (2013: 5 cents)	12,298	15,415	12,732	15,415
	43,110	30,896	44,630	30,896

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

The directors have proposed a first and final tax exempt (one-tier) dividend of 5 cents per ordinary stock and a special tax exempt (one-tier) dividend of 5 cents per ordinary stock, amounting to a total of \$63,707,000 and a tax exempt (one-tier) dividend of 7.5 cents on the cumulative preference shares, amounting to \$66,000. The dividends are subject to shareholders' approval at the upcoming Annual General Meeting.

32 FUTURE CAPITAL COMMITMENTS

	GROUP	
	2014 \$000	2013 \$000
Capital commitments contracted for not recognised in the financial statements	5,426	369,313

33 OPERATING LEASE COMMITMENTS

(a) Lessees' lease commitments

The Group leases certain properties and office equipment under lease agreements that are non-cancellable within a year. The leases expire at various dates and contain provisions for rental adjustments. There are no renewal options or contingent rent provision included in the lease agreements. There are no restrictions placed upon the lessee by entering into these leases. Operating lease payments recognised in the income statement during the financial year amounted to \$17,495,000 (2013: \$18,659,000). The Group is restricted from subleasing leased equipment to third parties.

Future minimum lease payments payable under non-cancellable operating leases with initial or remaining term of one year or more at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Within one year	14,995	21,683	1,511	1,397
After one year but not more than five years	47,413	56,880	6,650	6,727
After five years	40,190	61,126	—	—
	102,598	139,689	8,161	8,124

Notes to the Financial Statements

For the financial year ended 31 December 2014

33 OPERATING LEASE COMMITMENTS (continued)

(b) Lessors' lease commitments

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between 1 to 14 years (2013: 1 to 15 years). All leases include a clause to enable revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rental receivable in respect of significant non-cancellable operating leases at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Within one year	72,281	78,243	33,012	39,013
After one year but not more than five years	94,163	175,574	35,415	77,614
After five years	3,944	11,961	–	–
	170,388	265,778	68,427	116,627

34 EMPLOYEE SHARE OPTION SCHEME

Share options are granted to senior executives with more than 12 months' service. The exercise price of the options is equal to the average of the last dealt prices of the shares for the three (3) consecutive trading days immediately preceding the grant. The options vest if the employee remains in service for a period of one year from the date of grant. The option period commences 1 year after the date of the grant and expires on the day immediately before the 10th anniversary of the date of the grant. There are no cash settlement alternatives.

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the financial year:

	2014 No.	2014 WAEP(\$)	2013 No.	2013 WAEP(\$)
Outstanding at beginning of the financial year	3,169,319	2.47	4,029,050	2.58
Adjusted during the financial year ⁴	–	–	344,901	2.43
Granted during the financial year ³	–	–	–	–
Exercised during the financial year ¹	(857,207)	1.65	(917,921)	1.52
Forfeited during the financial year	(688,560)	2.68	(286,711)	3.26
Outstanding at the end of the financial year ²	1,623,552	2.82	3,169,319	2.47
Exercisable at end of the financial year	1,623,552	2.82	3,169,319	2.47

¹ The weighted average share price during the financial year was \$2.44 (2013: \$2.31).

² The range of exercise prices for options outstanding at the end of the year was \$1.36 to \$3.31 (2013: \$1.36 to \$3.31). The weighted average remaining contractual life for these options is 2.87 years (2013: 3.35 years).

³ During the financial year, the Company did not grant any employee share option.

⁴ During the previous financial year, the Company adjusted the exercise price and number of options pursuant to the Rights Issue.

Notes to the Financial Statements

For the financial year ended 31 December 2014

34 EMPLOYEE SHARE OPTION SCHEME (continued)

The fair value of share options as at the date of grant, is estimated by an external valuer using the Binomial model, taking into account the terms and conditions upon which the options were granted. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

35 RELATED PARTY TRANSACTIONS

The following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year.

(a) Transactions with directors of the Company

	GROUP	
	2014 \$000	2013 \$000
Sale of residential apartment under development to a director	–	467
Sale of motor vehicle to a director/spouse of director	174	165

(b) Compensation of key management executives

Short term employee benefits	6,321	5,010
Central Provident Fund	98	94
Share-based payment	239	313
Total compensation paid to key management executives	6,658	5,417

Key Management Executives' Interests in Employee Share Option Scheme

No share options were granted to the directors of the Company and other key management executives during the current and previous financial year. During the current financial year, no option was exercised by the directors (2013: 100,000). Other key management executives exercised options for 89,098 (2013: 108,000) ordinary stock units of the Company at \$1.43 (2013: \$1.51 to \$1.61), with a total cash consideration of \$127,410 (2013: \$332,080) paid to the Company. The outstanding number of share options granted to a director of the Company and other key management executives at the end of the financial year were Nil and 71,278 (2013: 503,407 and 418,761) respectively. No share options have been granted to the Company's non-executive directors.

Directors' fees amount to \$1,181,990 (2013: \$891,285).

Notes to the Financial Statements

For the financial year ended 31 December 2014

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivative financial instruments, comprise bank loans and overdraft, cash and term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The main risks arising from the Group's financial instruments are credit risk, market price risk, foreign currency risk, interest rate risk and liquidity risk. The Board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Corporate Office. The Audit & Risk Committee provides independent oversight to the effectiveness of the risk management systems and practices for effective risk identification and management, and compliance with internal guidelines and external requirements. The Group does not hold or issue derivative financial instruments for trading purposes. Derivative transactions, including principally interest rate swaps and foreign currency forward contracts are entered into for the purpose of managing the interest rate and currency risks arising from the Group's operations and its sources of financing.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. Credit risk arising from the inability of a customer to meet the terms of the Group's financial instrument contracts is generally limited to the amounts, if any, by which the customer's obligations exceed the obligations of the Group. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and bank balances and deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

It is the Group's policy to sell to a diverse group of customers who have been assessed for their credit worthiness to reduce credit risk. The Group has a formal Group Credit Committee to oversee the management of the Group's debts.

Notes to the Financial Statements

For the financial year ended 31 December 2014

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Excessive risk concentration

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

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on managing the concentration of credit risks. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of trade and other receivables recognised in the statements of financial position. No other financial assets carry a significant exposure to credit risk.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile/segment of its trade and other receivables on an on-going basis. The credit risk concentration profile of the Group's trade and other receivables at the end of the reporting period is as follows:

	2014		GROUP		2013
	\$000	% of total	\$000	% of total	
By country:					
Singapore	120,084	32	370,961	49	
China	169,575	46	225,990	30	
USA	32,658	9	17,267	2	
Brunei	–	–	43,437	6	
Other countries	48,097	13	95,649	13	
	370,414	100	753,304	100	
By industry sector/segment:					
Engineering and Construction	–	–	238,452	32	
Engineering	15,656	4	–	–	
Property Rental & Services	23,826	7	104,651	14	
Property Development	52,763	14	19,527	3	
WBL	275,548	74	387,139	51	
Corporate Services & Others	2,621	1	3,535	– ¹	
	370,414	100	753,304	100	

¹ Less than 1%.

A major subsidiary has a significant amount of trade receivables arising from a few major customers which constituted approximately 44% (2013: 21%) of the Group's total trade receivables. This subsidiary has the policy of performing ongoing credit evaluations of its customers and adjusting credit limits and credit worthiness, based on its review of the customers' current credit information. It continuously monitors collections and payments from its customers and maintains an allowance for impairment based on its historical experience, anticipation of uncollectible amounts and any specific customer collection issues that it has identified.

Apart from the above, the Group does not have credit risk concentration in any customers.

Notes to the Financial Statements

For the financial year ended 31 December 2014

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Bank balances and deposits and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21 (Trade and other receivables).

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are quoted on the SGX-ST in Singapore and are classified as available-for-sale financial assets.

It is not the Group's policy to actively trade in quoted equity instruments. The Group's holdings of the quoted equity instruments arose from the divestment of *UE BizHub EAST*.

Sensitivity analysis for equity price risk

Had the available-for-sale quoted equity instruments listed on the SGX-ST held by the Group been 5% (2013: 5%) higher/lower with all other variables held constant, the Group's AFS reserve would have been \$1,181,000 (2013: \$1,158,000 higher/lower) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale.

Foreign currency risk

The Group has exposure to foreign exchange risk as a result of transactions denominated in a currency other than the respective functional currencies of Group entities, arising from normal trading activities.

As at 31 December 2014, the Group has foreign currencies exposure mainly in United States Dollars in its bank balances and deposits, trade receivables, trade payables, trust receipts and bills payable as disclosed in the respective notes.

It is the Group's policy to hedge these risks through foreign currency forward contracts. The primary purpose of the Group's foreign currency hedging activities is to protect against volatility associated with foreign currency purchases of materials and other assets and liabilities created in the normal course of business. The Group does not use foreign currency forward contracts for trading purposes.

In addition to transactional exposure, the Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investments in foreign subsidiaries are not hedged as currency positions are considered to be long-term in nature.

The treasury transactions of the listed subsidiaries, associated companies and joint ventures are carried out in accordance with their own policies and guidelines.

Notes to the Financial Statements

For the financial year ended 31 December 2014

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rate against SGD, with all other variables held constant.

	2014 \$000	GROUP 2013 \$000
	Profit net of tax	Profit net of tax
USD/SGD - strengthened 5% (2013: 5%)	+598	+2,365
- weakened 5% (2013: 5%)	-598	-2,365

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's interest rate exposure relates primarily to its investment portfolio in fixed deposits and the Company's long-term debt obligations. Majority of the Group's and the Company's financial assets and liabilities are at floating rates and are contractually repriced at intervals of 1, 2, 3 or 6 months (2013: 1, 2, 3 or 6 months) from the end of the reporting period.

The Group's policy is to manage interest costs using combination of fixed and floating rate debts taking into consideration the funding requirements of the Group. It is also the Group's policy to hedge its interest rate risk through interest rate cap and swap contracts. As at 31 December 2014 and 2013, the Group has no outstanding interest rate cap and swap contracts.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 75 (2013: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been \$9,056,000 (2013: \$16,908,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate term loans and bank borrowings.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to monitor its net operating cash flows and maintain an adequate level of committed banking facilities through regular review of its working capital requirements. At the end of the reporting period, approximately 20% (2013: 39%) of the Group's borrowings (Note 27) will mature in less than one year based on the carrying amount reflected in the financial statements excluding discontinued operation. Approximately 30% (2013: 64%) of the Company's borrowings will mature in less than one year at the end of the reporting period.

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments obligations.

	1 year or less \$000	2014 1 to 5 years \$000	Total \$000	1 year or less \$000	2013 1 to 5 years \$000	Total \$000
Group						
Trade and other payables	508,209	2,553	510,762	1,114,435	15,493	1,129,928
Borrowings	371,019	1,450,956	1,821,975	1,183,943	1,887,366	3,071,309
	879,228	1,453,509	2,332,737	2,298,378	1,902,859	4,201,237
Company						
Trade and other payables	21,210	–	21,210	20,412	–	20,412
Borrowings	129,992	298,398	428,390	655,314	392,283	1,047,597
	151,202	298,398	449,600	675,726	392,283	1,068,009

37 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain healthy capital ratios to sustain growth, maximise shareholder value and fulfill all borrowing covenants.

The Group manages its capital structure and may make adjustments to it, in light of changes in economic conditions. In order to manage or adjust the capital structure, the Group may obtain new borrowings or reduce its borrowings. No changes were made in the objectives, policies and processes during the years ended 31 December 2014 and 2013.

The Group monitors capital using a net debt to equity ratio, which is net borrowings divided by shareholders equity. The Group endeavours to keep its medium to long term net debt to equity ratio to below 1.1 times but will manage the ratio taking into consideration business opportunities and liquidity conditions. Net borrowings include interest-bearing borrowings less bank balances and deposits. Equity includes equity attributable to the owners of the Company.

	GROUP	
	2014 \$000	2013 \$000
Borrowings	1,716,909	2,882,276
Less: Bank balances and deposits	(650,247)	(905,399)
Net borrowings	1,066,662	1,976,877
Equity attributable to owners of the Company	1,803,846	1,711,660
Net debt to equity (times)	0.59	1.15

38 FAIR VALUE OF ASSETS AND LIABILITIES

(A) Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

38 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(B) *Assets and liabilities measured at fair value*

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

	GROUP 2014 \$000			
	Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value				
Financial assets:				
Available-for-sale financial assets (Note 19)				
- Equity instruments (quoted)	23,612	–	–	23,612
- Equity instruments (unquoted)	–	–	8,488	8,488
Financial assets as at 31 December 2014	23,612	–	8,488	32,100
Non-financial assets:				
Investment properties (Note 13)	–	–	1,847,071	1,847,071
Non-financial assets as at 31 December 2014	–	–	1,847,071	1,847,071
	GROUP 2013 \$000			
	Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value				
Financial assets:				
Held for trading investments (Note 19)				
- Equity instruments (quoted)	305	–	–	305
Available-for-sale financial assets (Note 19)				
- Equity instruments (quoted)	23,166	–	–	23,166
- Equity instruments (unquoted)	–	–	8,887	8,887
Financial assets as at 31 December 2013	23,471	–	8,887	32,358
Non-financial assets:				
Investment properties (Note 13)	–	–	1,870,923	1,870,923
Non-financial assets as at 31 December 2013	–	–	1,870,923	1,870,923

Notes to the Financial Statements

For the financial year ended 31 December 2014

38 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(C) Level 3 fair value measurement

i) Information about significant unobservable inputs used in Level 3 fair value measurements

Description	Fair Value at 31 December 2014 \$000	Valuation techniques	Unobservable inputs	Range (weighted average)
Recurring fair value measurement				
Available-for-sale financial assets - Equity instruments (unquoted)	8,488	Fair value of underlying assets of investment	Statement of financial position	NA
Investment properties	1,847,071	Market Capitalisation Method	Capitalisation Rate	3.0% to 5.3%
Description	Fair Value at 31 December 2013 \$000	Valuation techniques	Unobservable inputs	Range (weighted average)
Recurring fair value measurement				
Available-for-sale financial assets - Equity instruments (unquoted)	8,887	Fair value of underlying assets of investment	Statement of financial position	NA
Investment properties	1,870,923	Market Capitalisation Method	Capitalisation Rate	3.0% to 4.5%

For equity instruments (unquoted), a significant increase/decrease in the fair value of underlying assets of the investment would result in a significantly higher/lower fair value measurement.

The following table shows the impact on the Level 3 fair value measurement of assets and liabilities that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

	31 December 2014		
	Effect of reasonably possible alternative assumptions		
	Carrying amount \$000	Profit or loss \$000	Other comprehensive income \$000
Recurring fair value measurement			
Available-for-sale financial assets - Equity instruments (unquoted)	8,488	—	424
	31 December 2013		
	Effect of reasonably possible alternative assumptions		
	Carrying amount \$000	Profit or loss \$000	Other comprehensive income \$000
Recurring fair value measurement			
Available-for-sale financial assets - Equity instruments (unquoted)	8,887	—	444

Notes to the Financial Statements

For the financial year ended 31 December 2014

38 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(C) Level 3 fair value measurement (continued)

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the following key unobservable inputs used in the fair value measurement:

For equity instruments (unquoted), the Group adjusted the discount for lack of marketability by increasing and decreasing the assumptions by 5%.

ii) Movements in level 3 financial assets and liabilities measured at fair value

The following table presents the reconciliation for all the assets measured at fair value based on significant unobservable inputs (level 3).

	GROUP	
	Available-for-sale financial assets	
	Equity instruments (unquoted)	
	2014	2013
	\$000	\$000
Opening balance	8,887	7,061
Total gains or losses:		
- included in other comprehensive income:		
Gain on remeasuring available-for-sale financial assets, net of tax	(399)	1,826
Closing balance	8,488	8,887

	GROUP	
	Investment properties	
	2014	2013
	\$000	\$000
Opening balance	1,870,923	1,203,765
Purchases	1,463	832,677
Transfer to assets of disposal group classified as held for sale & property, plant and equipment	(19,867)	(208,464)
Arising from acquisition of subsidiaries	-	32,028
Arising from disposal of subsidiaries	(5,014)	-
Currency realignment	(434)	33
Total gains or losses:		
- included in income statement: net surplus on revaluation of investment properties	-	10,884
Closing balance	1,847,071	1,870,923

There has been no transfer from Level 1 and Level 2 to Level 3 during the financial years ended 31 December 2014 and 2013.

iii) Valuation policies and procedures

The Group's Chief Financial Officer (CFO), who is assisted by the financial controllers (collectively referred to as the "CFO office") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the CFO office reports to the Group's Audit and Risk Committee.

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

38 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(C) Level 3 fair value measurement (continued)

iii) Valuation policies and procedures (continued)

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

Significant changes in fair value measurements from period to period are evaluated by the CFO office for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

The CFO office documents and reports its analysis and results of the external valuations to the Audit & Risk Committee on an annual basis. The Audit & Risk Committee performs a high-level independent review of the valuation process and results and recommends if any revisions need to be made before presenting the results to the Board of Directors for approval.

(D) Fair value of assets and liabilities by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Management has determined that the carrying amounts of cash and short term deposits, trade and other receivables, trade and other payables and floating rate borrowings, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or that they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

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

The loans and amounts receivable/payable from/to subsidiaries, associates and joint ventures have no fixed terms of repayment. Accordingly, their fair values cannot be measured reliably as the timing of the future cash flows cannot be determined.

The aggregate of these financial assets for the Group and Company amounted to \$71,967,000 (2013: \$167,928,000) and \$1,015,588,000 (2013: \$1,472,466,000) respectively.

Fair value information has not been disclosed for the Group's investment in unquoted equity instrument that are carried at cost amounting to \$120,000 (2013: \$221,000) (Note 19) because fair value cannot be measured reliably. These investments represent ordinary shares in companies that are not quoted in any market and do not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of the investment in the foreseeable future.

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39 SUBSIDIARIES' SHARE OPTION SCHEMES

Multi-Fineline Electronix, Inc. ("MFLEX")

Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan")

Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan")

At the MFLEX's annual general meeting of stockholders on 5 March 2014, the MFLEX's stockholders approved the MFLEX 2014 Equity Incentive Plan. Upon stockholder approval of the MFLEX 2014 Equity Incentive Plan, MFLEX 2004 Stock Incentive Plan, as amended and restated to date was terminated. The MFLEX 2014 Equity Incentive Plan is administered by MFLEX's board of directors or a committee thereof (the "Administrator").

The MFLEX 2014 Equity Incentive Plan provides for the granting of stock options, stock appreciation rights ("SSAR" or "SSARs"), restricted share awards and restricted stock units ("RSUs") to employees, directors (including non-employee directors), advisors and consultants. Grants under the MFLEX 2014 Equity Incentive Plan vest and expire based on periods determined by the Administrator, but in no event can the expiration date be later than ten years from the date of grant (five years after the date of grant if the grant is an incentive stock option to an employee who owns more than 10% of the total combined voting power of all classes of MFLEX's capital stock. Grants of stock options may be either incentive stock options or non-qualified stock options.

MFLEX's assessment of the estimated fair value of stock options and SSARs granted is affected by the MFLEX's stock price as well as assumptions regarding a number of complex and subjective variables and the related tax impact. MFLEX utilises the Black-Scholes option valuation model to estimate the fair value of stock options and SSARs granted. Expected forfeitures are estimated based on the historical turnover of the MFLEX's employees. The fair value of service-based RSUs granted is based on the closing price of the MFLEX's common stock on the date of grant.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. This model also requires the input of highly subjective assumptions including:

- (a) the expected volatility of MFLEX's common stock price, which MFLEX determines based on historical volatility of MFLEX's common stock;
- (b) expected dividends, which are zero, as MFLEX does not currently anticipate issuing dividends;
- (c) the expected term of the stock option or SSAR, which is estimated based on the historical stock option and SSAR exercise behaviour of MFLEX's employees; and
- (d) the risk-free interest rate, which is based on observed interest rates (zero coupon U.S. Treasury debt securities) appropriate for the expected holding period.

No stock options were granted during the financial year ended 31 December 2014.

During the financial year ended 31 December 2014, MFLEX granted service-based restricted stock units ("RSU" or "RSUs") equal to 648,528 (2013: 614,955) shares of MFLEX's common stock. These grants were made under the MFLEX 2014 Equity Incentive Plan (2013: MFLEX 2004 Stock Incentive Plan) to certain employees (including executive officers) and directors at no cost to such individuals. Each RSU represents one hypothetical share of MFLEX's common stock, without voting or dividend rights. The RSUs granted to employees vest over a period of three years with one-third vesting on each of the anniversary dates of the grant date. Total compensation cost related to the RSUs is determined based on the fair value of MFLEX's common stock on the date of grant and is amortised into expense over the vesting period using the straight-line method.

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For the financial year ended 31 December 2014

39 SUBSIDIARIES' SHARE OPTION SCHEMES (continued)

Multi-Fineline Electronix, Inc. ("MFLEX") (continued)

Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan") (continued)

Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan") (continued)

MFLEX also grants performance-based RSUs to certain employees (including executive officers) from time to time. For such performance-based RSUs, MFLEX records share-based compensation cost based on the grant date fair value and the probability that the performance metrics will be achieved. MFLEX's management generally considers the probability that the performance metrics will be achieved to be a 70% chance or greater ("Probability Threshold"). At the end of each reporting period, MFLEX evaluates the awards to determine if the related performance metrics meet the Probability Threshold. If MFLEX determines that the vesting of any of the outstanding performance-based RSUs does not meet the Probability Threshold, the stock-based compensation expense related to those performance-based RSUs is reversed in the period in which this determination is made. However, if at a future date conditions have changed and the Probability Threshold is deemed to be met, the previously reversed stock-based compensation expense, as well as all subsequent projected stock-based compensation expense through the date of evaluation, is recognised in the period in which this new determination is made.

On 22 October 2014, MFLEX granted 289,417 performance-based RSUs (the "MFLEX TSR PSUs"), which vest upon both market and performance conditions. The market condition was measured by determining MFLEX's total shareholder return ("TSR"), rounded to the nearest whole number, for the three-year period beginning 1 October 2014 through 31 December 2017 versus the TSR of the Nasdaq Total Return Index (the "Index") for the same period, using the calendar three-month average daily closing price of each on 1 October 2014 as compared to 31 December 2017.

On 22 October 2014, MFLEX also granted 94,507 performance-based RSUs (the "MFLEX Stock Price PSUs") containing both market and performance conditions, whereby the market condition was measured by the increase in the stock price of MFLEX, using the previous 20 trading day average daily closing price of each on 21 October 2014 and 31 December 2015.

An award with a market condition is accounted for and measured differently from an award that has only a performance or service condition. The effect of a market condition is reflected in the award's fair value on the grant date (e.g., a discount may be taken when estimating the fair value of such grant to reflect the market condition). The fair value may be lower than the fair value of an identical award that has only a service or performance condition because those awards will not include a discount on the fair value. All stock-based compensation expense for an award that has a market condition will be recognised if the requisite service period is fulfilled, even if the market condition is never satisfied.

The grant date fair value of the MFLEX TSR PSUs was calculated utilising the following assumptions:

	MFLEX TSR PSUs	Index Benchmark Inputs
Expected stock return/discount rate ¹	0.88%	0.88%
Dividend yield	-	-
Volatility ²	40.0%	15.0%
Grant date	22 Oct 14	22 Oct 14
Three-month average share price ³	US\$ 10.20	US\$ 4,952.85
Expected vesting period (in years)	3.3	N/A
Correlation	0.47	0.47
Fair value per share	US\$ 5.57	N/A

¹ The expected stock return/discount rate was based on yield to maturity of short-term US government bonds over the expected term as of the grant date.

² Volatilities were calculated as of fiscal year end dates for MFLEX.

³ The three-month daily average share price was based on the average of the three-month daily closing price for MFLEX's common stock and the Index as of 1 October 2014.

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For the financial year ended 31 December 2014

39 SUBSIDIARIES' SHARE OPTION SCHEMES (continued)

Multi-Fineline Electronix, Inc. ("MFLEX") (continued)

Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan") (continued)

Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan") (continued)

The grant date fair value of the MFLEX Stock Price PSUs was calculated utilising the following assumptions:

	MFLEX Stock Price PSUs
Expected stock return/discount rate ¹	0.20%
Dividend yield	-
Volatility ²	35.0%
Grant date	22 Oct 14
20-trading day average share price ³	US\$ 9.39
Expected vesting period (in years)	1.2
Fair value per share	US\$ 4.73

¹ The expected stock return/discount rate was based on yield to maturity of short-term US government bonds over the expected term as of the grant date.

² the volatility was calculated as of fiscal year end dates for MFLEX.

³ The 20-trading day average share price was based on the previous 20 day average closing price for MFLEX's common stock as of 21 October 2014.

No SSARs were granted during the financial year ended 31 December 2014 (2013: 216,092). During the financial period 2013, the Administrator approved the grant of SSARs to be settled in MFLEX's common stock. These grants were made under the MFLEX 2004 Stock Incentive Plan to certain employees (including executive officers) at no cost to such individual. Each SSAR has a base appreciation amount that is equal to the closing price of a share of MFLEX's common stock on each applicable grant date as reported on the NASDAQ Global Select Market. The SSARs granted to employees generally vest either over a period of three years with one-third vesting on each of the anniversary dates of the grant date or may vest completely on the third anniversary date of the grant date and have a contractual life of 10 years. MFLEX's SSARs are treated as equity awards and are measured using the initial compensation element of the award at the time of grant and the expense is recognised over the requisite service period (the vesting period) with an exercise price equal to the stock price on the date of grant. Upon exercise, each SSAR will be settled in the MFLEX's common stock. Whole MFLEX shares will be issued based on the percentage of share appreciation between the weighted-average price per share for all grant dates and the fair market value per share on the exercise date, multiplied by the number of SSARs units being exercised. Total compensation cost related to SSARs is recognised over the vesting period and is determined based on the whole number of shares multiplied by the grant date fair value.

Notes to the Financial Statements

For the financial year ended 31 December 2014

39 SUBSIDIARIES' SHARE OPTION SCHEMES (continued)

Multi-Fineline Electronix, Inc. ("MFLEX") (continued)

Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan") (continued)

Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan") (continued)

Movements in the number of unissued ordinary shares under options, RSUs and SSARs granted under the MFLEX 2014 Equity Incentive Plan (2013: MFLEX 2004 Stock Incentive Plan) at the end of the financial year/period and their exercise price were as follows:

Date of grant	Exercise period/ vesting date	Exercise price	Beginning of financial year	Options granted during the financial year	Shares under option exercised	Shares under option lapsed	End of financial year
2014							
MFLEX 2014 Equity Incentive Plan							
25.06.2004	25.06.2005 to 25.06.2014	US\$10.00	143,547	-	(75,777)	(67,770)	-
04.03.2005	04.03.2006 to 04.03.2015	US\$20.81	15,000	-	-	-	15,000
# 05.12.2008	05.12.2011 to 05.12.2018	US\$10.76	41,237	-	-	-	41,237
# 05.03.2009	05.12.2011 to 05.03.2019	US\$12.70	34,938	-	-	-	34,938
# 05.06.2009	05.12.2011 to 05.06.2019	US\$21.90	20,260	-	-	-	20,260
# 04.09.2009	05.12.2011 to 04.09.2019	US\$28.58	15,524	-	-	-	15,524
# 16.11.2009	16.11.2012 to 30.11.2019	US\$25.96	117,567	-	-	-	117,567
# 15.11.2010	15.11.2011 to 15.11.2020	US\$22.17	108,948	-	-	-	108,948
* 14.11.2011	30.09.2014 @	US\$0.00	110,046	-	(110,046)	-	-
# 14.11.2011	15.11.2012 to 14.11.2021	US\$19.65	141,107	-	-	-	141,107
# 13.11.2012	15.11.2013 to 15.11.2015	US\$17.90	216,092	-	-	-	216,092
* 18.12.2012	30.09.2015 @	US\$0.00	72,031	-	-	-	72,031
* 24.06.2013	⊕ ⊕ ⊕	US\$0.00	2,100	-	(700)	(1,400)	-
* 27.06.2013	⊕ ⊕ ⊕	US\$0.00	118,350	-	(29,750)	(31,300)	57,300
* 01.07.2013	⊕ ⊕ ⊕	US\$0.00	3,600	-	(1,200)	-	2,400

Notes to the Financial Statements

For the financial year ended 31 December 2014

39 SUBSIDIARIES' SHARE OPTION SCHEMES (continued)

Multi-Fineline Electronix, Inc. ("MFLEX") (continued)

Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan") (continued)

Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan") (continued)

Date of grant	Exercise period/ vesting date	Exercise price	Beginning of financial year	Options granted during the financial year	Shares under option exercised	Shares under option lapsed	End of financial year
2014							
MFLEX 2014 Equity Incentive Plan (continued)							
* 14.08.2013	⊕ ⊕	US\$0.00	5,722	-	(5,722)	-	-
* 08.10.2013	⊕ ⊕ ⊕	US\$0.00	2,100	-	-	(2,100)	-
* 11.11.2013	⬠	US\$0.00	183,292	-	-	-	183,292
* 11.11.2013	⊕ ⊕ ⊕	US\$0.00	267,427	-	(76,540)	(42,600)	148,287
* 13.11.2013	⊕ ⊕ ⊕	US\$0.00	2,100	-	(700)	-	1,400
* 06.12.2013	05.03.2014	US\$0.00	1,745	-	(1,745)	-	-
* 19.12.2013	⬠	US\$0.00	78,553	-	-	-	78,553
* 02.01.2014	⊕ ⊕ ⊕	US\$0.00	-	2,100	-	-	2,100
* 04.03.2014	⊕ ⊕ ⊕	US\$0.00	-	7,500	-	-	7,500
* 20.03.2014	⊕ ⊕ ⊕	US\$0.00	-	2,400	-	(2,400)	-
* 20.03.2014	05.03.2015	US\$0.00	-	37,116	-	-	37,116
* 29.04.2014	⊕ ⊕ ⊕	US\$0.00	-	1,800	-	-	1,800
* 25.09.2014	⊕ ⊕ ⊕	US\$0.00	-	2,700	-	-	2,700
* 22.10.2014	01.01.2016 to 01.01.2018	US\$0.00	-	592,812	-	(4,500)	588,312
* 22.10.2014	⬠	US\$0.00	-	383,474	-	-	383,474
* 09.12.2014	⊕ ⊕ ⊕	US\$0.00	-	2,100	-	-	2,100
			1,701,286	1,032,002	(302,180)	(152,070)	2,279,038

Notes to the Financial Statements

For the financial year ended 31 December 2014

39 SUBSIDIARIES' SHARE OPTION SCHEMES (continued)

Multi-Fineline Electronix, Inc. ("MFLEX") (continued)

Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan") (continued)

Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan") (continued)

Date of grant	Exercise period/ vesting date	Exercise price	Beginning of financial period	Options granted during the financial period	Shares under option exercised	Shares under option lapsed	End of financial period
2013							
MFLEX 2004 Stock Incentive Plan							
25.06.2004	25.06.2005 to 25.06.2014	US\$10.00	204,492	-	(60,945)	-	143,547
04.03.2005	04.03.2006 to 04.03.2015	US\$20.81	15,000	-	-	-	15,000
# 05.12.2008	05.12.2011 to 05.12.2018	US\$10.76	41,237	-	-	-	41,237
# 05.03.2009	05.12.2011 to 05.03.2019	US\$12.70	34,938	-	-	-	34,938
# 05.06.2009	05.12.2011 to 05.06.2019	US\$21.90	20,260	-	-	-	20,260
# 04.09.2009	05.12.2011 to 04.09.2019	US\$28.58	15,524	-	-	-	15,524
* 16.11.2009	⊕ ⊕ ⊕	US\$0.00	10,551	-	(10,551)	-	-
* 16.11.2009	⊕	US\$0.00	89,037	-	-	(89,037)	-
# 16.11.2009	16.11.2012 to 30.11.2019	US\$25.96	117,567	-	-	-	117,567
* 17.11.2009	⊕ ⊕ ⊕	US\$0.00	834	-	(834)	-	-
* 03.12.2009	⊕ ⊕ ⊕	US\$0.00	21,173	-	(21,173)	-	-
* 19.05.2010	⊕ ⊕ ⊕	US\$0.00	1,200	-	(1,200)	-	-
* 06.10.2010	⊕ ⊕ ⊕	US\$0.00	1,667	-	(1,667)	-	-
* 15.11.2010	⊕ ⊕ ⊕	US\$0.00	87,996	-	(84,796)	(3,200)	-
# 15.11.2010	15.11.2011 to 15.11.2020	US\$22.17	108,948	-	-	-	108,948
* 15.11.2010	30.09.2013 @	US\$0.00	84,089	-	(84,089)	-	-
* 08.03.2011	⊕	US\$0.00	21,000	-	(21,000)	-	-
* 13.07.2011	⊕ ⊕ ⊕	US\$0.00	1,334	-	-	(1,334)	-
* 03.08.2011	⊕ ⊕ ⊕	US\$0.00	1,334	-	(1,334)	-	-
* 14.11.2011	⊕ ⊕ ⊕	US\$0.00	142,429	-	(137,931)	(4,498)	-
* 14.11.2011	30.09.2014 @	US\$0.00	110,046	-	-	-	110,046
# 14.11.2011	15.11.2012 to 14.11.2021	US\$19.65	141,107	-	-	-	141,107
* 13.12.2011	⊕ ⊕ ⊕	US\$0.00	2,000	-	(666)	(1,334)	-
* 14.02.2012	⊗ ⊗	US\$0.00	3,465	-	(3,465)	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2014

39 SUBSIDIARIES' SHARE OPTION SCHEMES (continued)

Multi-Fineline Electronix, Inc. ("MFLEX") (continued)

Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan") (continued)

Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan") (continued)

Date of grant	Exercise period/ vesting date	Exercise price	Beginning of financial period	Options granted during the financial period	Shares under option exercised	Shares under option lapsed	End of financial period
2013							
MFLEX 2004 Stock Incentive Plan (continued)							
* 06.03.2012	⊕ ⊕	US\$0.00	15,894	-	(15,894)	-	-
* 09.03.2012	⊕ ⊕	US\$0.00	2,196	-	(2,196)	-	-
* 14.03.2012	⊗ ⊗	US\$0.00	1,499	-	(1,499)	-	-
* 16.04.2012	⊗ ⊗	US\$0.00	1,627	-	(1,627)	-	-
* 23.07.2012	⊕ ⊕ ⊕	US\$0.00	2,100	-	(2,100)	-	-
* 27.08.2012	⊕ ⊕ ⊕	US\$0.00	4,200	-	(4,200)	-	-
* 08.10.2012	⊕ ⊕ ⊕	US\$0.00	-	2,100	(2,100)	-	-
* 16.10.2012	⊕ ⊕ ⊕	US\$0.00	-	1,800	(1,800)	-	-
* 13.11.2012	⊕ ⊕ ⊕	US\$0.00	-	175,291	(170,791)	(4,500)	-
# 13.11.2012	15.11.2013 to 15.11.2015	US\$17.90	-	216,092	-	-	216,092
* 18.12.2012	30.09.2015 @	US\$0.00	-	72,031	-	-	72,031
* 09.01.2013	⊕ ⊕ ⊕	US\$0.00	-	2,100	(2,100)	-	-
* 07.03.2013	⊕ ⊕	US\$0.00	-	24,520	(24,520)	-	-
* 01.04.2013	⊕ ⊕ ⊕	US\$0.00	-	3,000	(3,000)	-	-
* 24.06.2013	⊕ ⊕ ⊕	US\$0.00	-	2,100	-	-	2,100
* 27.06.2013	⊕ ⊕ ⊕	US\$0.00	-	121,350	-	(3,000)	118,350
* 27.06.2013	⬠	US\$0.00	-	24,525	-	(24,525)	-
* 01.07.2013	⊕ ⊕ ⊕	US\$0.00	-	3,600	-	-	3,600
* 14.08.2013	⊕ ⊕	US\$0.00	-	5,722	-	-	5,722
* 08.10.2013	⊕ ⊕ ⊕	US\$0.00	-	2,100	-	-	2,100
* 11.11.2013	⬠	US\$0.00	-	183,292	-	-	183,292
* 11.11.2013	⊕ ⊕ ⊕	US\$0.00	-	267,427	-	-	267,427
* 13.11.2013	⊕ ⊕ ⊕	US\$0.00	-	2,100	-	-	2,100
* 06.12.2013	05.03.2014	US\$0.00	-	1,745	-	-	1,745
* 19.12.2013	⬠	US\$0.00	-	78,553	-	-	78,553
			1,304,744	1,189,448	(661,478)	(131,428)	1,701,286

* RSUs.

Stock appreciation rights.

⊕ vests 25% annually from date of grant.

⊕ ⊕ vests 100% one year from date of grant.

⊕ ⊕ ⊕ vests 1/3 annually from date of grant.

⬠ vests based on performance targets set by MFLEX's management.

⊗ ⊗ vests 100% two years from date of grant.

@ conversion of performance-based RSUs to service-based RSUs as a result of the change in control that occurred during May 2013.

Notes to the Financial Statements

For the financial year ended 31 December 2014

39 SUBSIDIARIES' SHARE OPTION SCHEMES (continued)

Multi-Fineline Electronix, Inc. ("MFLEX") (continued)

Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan") (continued)

Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan") (continued)

Out of the outstanding 2,279,038 shares (2013: 1,701,286), options on 710,673 shares (2013: 663,120) are exercisable, which consisted of 15,000 (2013: 158,547) stock options and 695,673 (2013: 504,573) SSARs. Stock options exercised in 2014 resulted in 75,777 (2013: 60,945) shares being issued at the weighted average exercise price of US\$10.00 (2013: US\$10.00) per stock unit.

The fair value of RSUs granted between the period of 2 January 2014 and 9 December 2014 (2013: 8 October 2012 and 19 December 2013) based on the market price of MFLEX stock units on the grant date ranging from US\$8.96 to US\$14.58 (2013: US\$12.50 to US\$22.74) was US\$9,500,324 (2013: US\$14,115,351).

The fair value of SSARs granted on 13 November 2012 based on the market price of MFLEX stock units on the grant date was US\$3,868,047.

	2014 US\$	2013 US\$
Weighted average share price at the date of exercise (per stock unit)	10.64	15.67

Change in control in 2013

In connection with the stock acquisition made by the Company of WBL as discussed in Note 15, MFLEX reviewed its MFLEX 2004 Stock Incentive Plan and its Change in Control Plan dated 18 January 2012 (the "Plan") and determined that a "Change in Control" as defined in the MFLEX 2004 Stock Incentive Plan and the Plan, occurred as of 23 May 2013. As a result, MFLEX recorded stock-based compensation expense of US\$9,582,000 (\$11,934,000) during the financial period ended 31 December 2013 related to the accelerated vesting of outstanding service-based RSUs and SSARs, as well as the conversion of performance-based RSUs to service-based RSUs for awards outstanding as of 23 May 2013.

Notes to the Financial Statements

For the financial year ended 31 December 2014

39 SUBSIDIARIES' SHARE OPTION SCHEMES (continued)

MFS Technology Ltd ("MFS")

MFS Share Option Scheme ("MFS Scheme")

MFS Share Appreciation Rights Plan ("MFS SAP") and Performance Share Plan ("MFS PSP")

MFS Scheme

The MFS Scheme was approved by the shareholders of MFS at the extraordinary general meeting on 28 December 2001. The MFS Scheme is administered by the Remuneration Committee of MFS ("MFS RC"). Under the MFS Scheme, share options are granted to employees and directors of the MFS Group. The options are vested one year after the date of grant and are exercisable thereafter for a contractual term of nine years in the case of executives (including executive directors) and four years in the case of non-executive directors.

The exercise price of the granted options is equal to the average of the last dealt prices of MFS ordinary shares on the SGX-ST for the three consecutive market days immediately preceding the date of grant.

During the financial year ended 31 December 2014, no options were granted pursuant to the MFS Scheme. All outstanding share options granted under the MFS Scheme expired or lapsed upon completion of the disposal of MFS subsidiaries on 18 November 2014.

Movements in the number of MFS share options at the end of the financial year/period and their exercise prices were as follows:

Date of grant	Exercise period	Exercise price	Beginning of financial year/period	Shares under option lapsed	End of financial year/period
2014					
19.05.2005	19.05.2006 to 18.05.2015	\$0.585	902,750	(902,750)	-
			902,750	(902,750)	-
2013					
18.11.2003	18.11.2004 to 17.11.2013	\$0.760	798,500	(798,500)	-
19.05.2005	19.05.2006 to 18.05.2015	\$0.585	950,250	(47,500)	902,750
			1,748,750	(846,000)	902,750

MFS SAP and MFS PSP

MFS SAP and MFS PSP were approved by the shareholders of MFS at the extraordinary general meeting on 30 July 2008.

The MFS SAP and MFS PSP awards of fully paid-up ordinary shares in MFS ("Awards"), their equivalent cash value or combinations thereof will be granted, free of payment, to selected employees (including executive directors) of MFS Group. Non-executive directors of MFS Group will not be eligible to participate in the MFS SAP and MFS PSP.

The selection of an employee and the number of shares, which are the subject of each Award to be granted to an employee in accordance with MFS SAP and/or MFS PSP, shall be determined at the discretion of MFS RC taking into account criteria such as his rank, job performance, and contribution to the success and development of the MFS Group.

Notes to the Financial Statements

For the financial year ended 31 December 2014

39 SUBSIDIARIES' SHARE OPTION SCHEMES *(continued)*

MFS Technology Ltd ("MFS") *(continued)*

MFS Share Option Scheme ("MFS Scheme") *(continued)*

MFS Share Appreciation Rights Plan ("MFS SAP") and Performance Share Plan ("MFS PSP") *(continued)*

MFS SAP and MFS PSP *(continued)*

The final number of share appreciation rights ("SARs") under MFS SAP and/or performance shares ("PS") under MFS PSP will depend on the achievement of pre-determined target(s) at the end of one-year performance period of MFS. No SARs and/or PS will be vested if the threshold target(s) are not met at the end of the performance period. More SARs and/or PS could be awarded, up to a maximum of 200% of the baseline award, if superior target(s) are met.

The MFS RC is authorised to grant MFS SAP and/or MFS PSP Awards and to allot and issue from time to time such number of fully paid-up shares as may be required to be allotted and issued pursuant to the vesting of Awards under the respective plans. The aggregate number of shares granted under MFS SAP and/or MFS PSP, which may be issued pursuant to Awards, shall not exceed 10% of the total number of issued shares from time to time.

The MFS RC has the discretion under the MFS SAP and MFS PSP to settle in cash instead of shares.

In December 2012 in view that some of the overseas recipients do not have a securities account with the Central Depository Pte Limited for the credit of shares and that the settlement will result in fractional shares, the MFS RC has decided to settle the awards in cash.

This resulted in a reclassification from an equity-settled share-based payment to a cash-settled share-based payment (liability). At the date of modification, the fair value of the MFS SAP and MFS PSP liability were re-measured using the fair value of the equity-settled award on the modification date. This amount was recognised as a liability, with a corresponding reduction of the share option reserve.

The liability is re-measured to its fair value at each subsequent reporting date until the settlement of the MFS SAP and MFS PSP. Any changes in fair value of the liability will be recorded in the income statement.

During the financial period ended 31 December 2013, the final tranche of MFS PSP awards granted on 1 December 2009, MFS PSP awards granted on 6 March 2012, and MFS PSP awards granted on 5 December 2012 that vested on 2 December 2013 were settled in cash.

During the financial year ended 31 December 2014, the MFS RC amended the vesting date for the final tranche of PSP awards granted on 5 December 2012 from 1 December 2014 to 1 November 2014 and settled them in cash. There are no outstanding MFS PS at the end of the financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2014

39 SUBSIDIARIES' SHARE OPTION SCHEMES (continued)

MFS Technology Ltd ("MFS") (continued)

MFS Share Option Scheme ("MFS Scheme") (continued)

MFS Share Appreciation Rights Plan ("MFS SAP") and Performance Share Plan ("MFS PSP") (continued)

Movements in the number of MFS PSs at the end of the financial year/period were as follows:

Date of grant	Vesting period	Beginning of financial year/period	Adjusted*	PS granted during the financial year/period	PS paid/ vested/ lapsed	End of financial year/period
2014						
MFS PSP						
05.12.2012	01.11.2014	2,069,185	-	-	(2,069,185)	-
		2,069,185	-	-	(2,069,185)	-
2013						
MFS PSP						
01.12.2009	01.01.2011 to 01.01.2013	58,400	-	-	(58,400)	-
06.03.2012	01.12.2012 to 01.12.2013	4,911,820	-	-	(4,911,820)	-
05.12.2012	02.12.2013 to 01.12.2014	-	1,354,376	3,250,500	(2,535,691)	2,069,185
		4,970,220	1,354,376	3,250,500	(7,505,911)	2,069,185

* Adjusted at the end of performance period based on level of achievement of pre-set performance targets.

The fair value of MFS PS granted on 1 December 2009, 6 March 2013 and 5 December 2013 were determined to be \$294,720, \$769,350 and \$460,488 respectively.

The outstanding MFS PSP was re-measured to its fair value on 31 December 2013 based on share price of \$0.146 per share.

During the financial year ended 31 December 2014, all outstanding MFS SAR were exercised and settled in cash.

Movements in the number of MFS SARs at the end of the financial year/period were as follows:

Date of grant	Vesting period	Beginning of financial year/period	SARs granted during the financial year/period	SARs paid/vested/ lapsed	End of financial year/period
2014					
MFS SAP					
06.03.2012	01.12.2012 to 01.12.2013	11,862,000	-	(11,862,000)	-
2013					
MFS SAP					
06.03.2012	01.12.2012 to 01.12.2013	14,062,000	-	(2,200,000)	11,862,000

Notes to the Financial Statements

For the financial year ended 31 December 2014

39 SUBSIDIARIES' SHARE OPTION SCHEMES *(continued)*

MFS Technology Ltd ("MFS") *(continued)*

MFS Share Option Scheme ("MFS Scheme") *(continued)*

MFS Share Appreciation Rights Plan ("MFS SAP") and Performance Share Plan ("MFS PSP") *(continued)*

The fair value of the MFS SARs granted on 6 March 2012 was \$766,514, determined using the Black-Scholes Valuation Model. The significant inputs into the model were share price of \$0.115 per share at the date of grant, vesting period over two years, the volatility of the shares over the last one year was 56%, dividend yield of 0%, and one-year, two-year and three-year risk-free interest rates of 0.58% to 0.67% based on the Singapore Sovereign Yield Curve.

MFS SAR was re-measured to its fair value at \$0.07 per unit on 31 December 2013 using the Black-Scholes valuation model and this is consistent with the valuation methodology for the previous grants.

Pacific Silica Pty Ltd ("PSPL")

PSPL Employee Share Option Scheme ("PSPL Scheme")

Share options are granted to employees and directors of PSPL under the PSPL Scheme.

During the current financial year and previous financial period, no grant under the PSPL Scheme has been made and as at 31 December 2014 and 2013, there were no outstanding options in respect of unissued shares for PSPL.

Notes to the Financial Statements

For the financial year ended 31 December 2014

40 SEGMENT INFORMATION

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

1. The Engineering segment* is in the business of water and medical waste environmental engineering and related services.
2. The Property Development segment encompasses activities such as bidding for land, project financing, design and construction to project management, property marketing and sales, and the overall coordination of all these activities.
3. The Property Rental and Services segment is in the business of providing services for asset management and hospitality management.
4. The WBL Group key businesses comprise automotive, property, technology, engineering, manufacturing & distribution and others.
5. Corporate Services & Others segment comprises investment management and corporate activities, neither of which constitutes a separately reportable segment.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate revenue, assets, expenses and liabilities, income tax, deferred tax assets and liabilities and borrowings.

Segment accounting policies are the same as the policies described in Note 2. The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

* UE E&C formed part of the Engineering and Construction segment in 2013 and before. Following the Group's divestment of UE E&C towards the end of 2014, the results of UE E&C has been presented separately on the consolidated income statement as Discontinued Operation; and consequently, the Engineering and Construction segment has been renamed as Engineering segment at the end of 2014.

Notes to the Financial Statements

For the financial year ended 31 December 2014

40 SEGMENT INFORMATION (continued)

(a) Business segments (continued)

	Engineering \$000	Property Development \$000	Property Rental and Services \$000	WBL Group \$000	Corporate Services & Others \$000	Elimination \$000	Total \$000
Year ended							
31 December 2014							
Other operating segment information:							
Allowance for doubtful trade receivables	180	–	74	1,488	–	–	1,742
Capital expenditure	1,164	–	3,586	56,315	349	–	61,414
Depreciation and amortisation	1,939	12	3,577	84,341	220	–	90,089
Gain on disposal of available-for-sale financial assets	–	–	–	37	–	–	37
Gain on disposal of assets of disposal group classified as held for sale	–	–	–	1,365	–	–	1,365
(Impairment loss)/reversal of impairment loss on property, plant & equipment	(3,000)	–	–	24,151	–	–	21,151
Impairment loss on intangible assets	–	–	–	6,330	–	–	6,330
Realisation of translation reserve upon liquidation of subsidiaries	–	–	–	4,382	–	–	4,382
Net gain on disposal of subsidiaries, associates and joint ventures	–	–	–	11,598	38	–	11,636
Restructuring expenses	–	–	–	20,042	–	–	20,042

Notes to the Financial Statements

For the financial year ended 31 December 2014

40 SEGMENT INFORMATION (continued)

(a) Business segments (continued)

	Engineering \$000	Property Development \$000	Property Rental and Services \$000	WBL Group \$000	Corporate Services & Others \$000	Elimination \$000	Total \$000
Year ended							
31 December 2013							
Operating segments							
Segment revenue							
Sales to external customers	55,108	39,945	203,985	1,365,069	814	–	1,664,921
Inter-segment sales	13	–	1,709	–	7,628	(9,350)	–
Total revenue	55,121	39,945	205,694	1,365,069	8,442	(9,350)	1,664,921
Segment results	6,659	3,663	180,548	(112,904)	(503)	–	77,463
Finance costs							(31,605)
Interest income							1,612
Share of (loss)/profit from equity-accounted associates	(252)	(2,355)	1,454	(112)	–	–	(1,265)
Share of profit from equity-accounted joint ventures	–	1,897	–	5,064	–	–	6,961
Profit before tax							53,166
Income tax expense							(40,146)
Profit from continuing operations, net of tax							13,020
Profit from discontinued operation, net of tax							47,312
Profit net of tax							60,332
Segment assets	67,747	1,025,662	2,433,793	2,180,561	464,585	362,557*	6,534,905
Interests in associates	6,035	41,805	11,863	43,978	167	91,211*	195,059
Interests in joint ventures	–	14,052	–	87,975	–	12,538*	114,565
Unallocated assets							95,706
Total assets							6,940,235
Segment liabilities	20,642	220,772	182,363	598,385	7,903	209,942*	1,240,007
Unallocated liabilities							3,178,872
Total liabilities							4,418,879

* Adjustments relates to the disposal of discontinued operation, UE E&C Ltd.

Notes to the Financial Statements

For the financial year ended 31 December 2014

40 SEGMENT INFORMATION (continued)

(a) Business segments (continued)

	Engineering \$000	Property Development \$000	Property Rental and Services \$000	WBL Group \$000	Corporate Services & Others \$000	Elimination \$000	Total \$000
Year ended							
31 December 2013							
Other operating segment information:							
Allowance for doubtful trade receivables	33	–	13	2,803	–	–	2,849
Capital expenditure	6,078	27	18	59,092	340	–	65,555
Depreciation and amortisation	1,615	6	6,594	66,414	240	–	74,869
Gain on deemed disposal of available-for-sale financial assets	–	–	–	–	21,415	–	21,415
Gain on disposal of available-for-sale financial assets	–	–	–	12,326	–	–	12,326
Gain on disposal of assets of disposal group classified as held for sale	–	–	115,856	–	–	–	115,856
Gain on sale of subsidiaries	3,020	–	–	–	–	–	3,020
Gain on re-measurement of previously held interest in joint venture	–	–	–	4,638	–	–	4,638
Impairment loss on property, plant & equipment	–	–	–	74,068	–	–	74,068
Impairment loss on intangible assets	–	–	–	13,349	–	–	13,349
Net surplus on revaluation of investment properties	–	–	9,299	1,585	–	–	10,884

Notes to the Financial Statements

For the financial year ended 31 December 2014

40 SEGMENT INFORMATION (continued)

(b) Geographical information

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

	Revenue		Non-current assets	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Singapore	1,779,058	646,725	1,892,829	2,142,283
Malaysia	186,334	145,380	22,009	64,853
ASEAN (excluding Singapore and Malaysia)*	12,951	10,341	1,454	20,276
China	656,421	534,525	308,216	437,192
Hong Kong	220,203	118,155	–	1,180
Taiwan	61,008	51,288	15,366	16,128
Asia (excluding ASEAN, China, Hong Kong and Taiwan)*	62,214	34,341	116	86
Others (or Non-Asian countries)*	231,132	124,166	27,465	69,605
	3,209,321	1,664,921	2,267,455	2,751,603

* This includes countries which individually contribute less than 5% of revenue/ non-current assets to the Group.

Non-current assets information presented above consist of property, plant and equipment, investment properties, intangible assets and trade and other receivables as presented in the statement of financial position.

41 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 18 March 2015.

Shareholding Statistics

As at 9 March 2015

TOTAL NUMBER OF CLASS OF SHARES:

7.5 cents Cumulative Preference Shares - 875,000

VOTING RIGHTS:

Preference Share - One vote for every member present in person or by proxy or attorney; upon a poll, one vote for each share held by every member present in person or by proxy or attorney.

DISTRIBUTION OF SHAREHOLDINGS:

Size of Shareholdings	No. of Preference Shareholders	%	No. of Preference Shares	%
1 – 99	5	9.43	159	0.02
100 – 1,000	20	37.74	15,821	1.81
1,001 – 10,000	20	37.74	104,536	11.95
10,001 – 1,000,000	8	15.09	754,484	86.22
1,000,001 and above	-	-	-	-
Total	53	100.00	875,000	100.00

TEN LARGEST PREFERENCE SHAREHOLDERS:

Name of Preference Shareholders		No. of Preference Shares held	%
1.	Great Eastern Life Assurance Co Ltd – Participating Fund	535,207	61.17
2.	Kambau Pte Ltd	69,000	7.89
3.	The Great Eastern Trust Private Limited	41,357	4.73
4.	The Shaw Foundation Pte	40,000	4.57
5.	Oversea Chinese Bank Nominees Pte Ltd	20,500	2.34
6.	William Tan Cheng Ju	18,420	2.11
7.	Thia Cheng Song	17,000	1.94
8.	Ng Lee Kiang	13,000	1.49
9.	Chong Lee Yin	10,000	1.14
10.	Ng Ing Liang	10,000	1.14
Total		774,484	88.52

Stockholding Statistics

As at 9 March 2015

TOTAL NUMBER OF CLASS OF SHARES:

Ordinary Shares each converted into Stock Units - 637,069,341

VOTING RIGHTS:

Stock Unit - One vote for every member present in person or by proxy or attorney; upon a poll, one vote for each stock unit held by every member present in person or by proxy or attorney.

DISTRIBUTION OF STOCKHOLDINGS:

Size of Stockholdings	No. of Ordinary Stockholders	%	No. of Stock Units	%
1 – 99	117	1.36	2,494	0.00
100 – 1,000	741	8.65	578,260	0.09
1,001 – 10,000	4,930	57.54	25,219,968	3.96
10,001 – 1,000,000	2,728	31.84	148,434,935	23.30
1,000,001 and above	52	0.61	462,833,684	72.65
Total	8,568	100.00	637,069,341	100.00

TWENTY LARGEST ORDINARY STOCKHOLDERS:

Name of Ordinary Stockholders		No. of Stock Units held	%
1.	Great Eastern Life Assurance Co Ltd – Participating Fund	80,235,499	12.59
2.	Citibank Nominees Singapore Pte Ltd	71,937,181	11.29
3.	Lee Foundation States Of Malaya	52,673,116	8.27
4.	Oversea Chinese Bank Nominees Pte Ltd	26,657,457	4.18
5.	WBL Corporation Limited	21,712,000	3.41
6.	DBS Nominees Pte Ltd	21,553,929	3.38
7.	Raffles Nominees (Pte) Ltd	17,119,559	2.69
8.	The Overseas Assurance Corporation Ltd	17,099,408	2.68
9.	Morph Investments Ltd	16,670,604	2.62
10.	UOB Kay Hian Pte Ltd	8,937,399	1.40
11.	Singapore Investments Pte Ltd	7,692,110	1.21
12.	Kota Trading Company Sendirian Berhad	7,468,800	1.17
13.	The Great Eastern Trust Private Limited	6,821,680	1.07
14.	Lee Foundation	6,296,590	0.99
15.	United Overseas Bank Nominees Pte Ltd	6,138,699	0.96
16.	DBS Vickers Securities (S) Pte Ltd	5,702,838	0.90
17.	OCBC Securities Private Ltd	5,269,661	0.83
18.	Maybank Kim Eng Securities Pte Ltd	5,266,380	0.83
19.	DBSN Services Pte Ltd	5,150,525	0.81
20.	Tropical Produce Company Pte Ltd	4,961,640	0.78
Total		395,365,075	62.06

Other Information Required under the SGX-ST Listing Manual

PUBLIC FLOAT

Disclosure pursuant to Rule 1207(9)(e) of the SGX-ST Listing Manual

As at 9 March 2015, approximately 75% of the total number of issued shares of the Company was held by the public and accordingly, Rule 723 of the SGX-ST Listing Manual has been complied with. As at that date, there were no treasury shares, except for 21,712,000 ordinary stock units held by WBL.

INTERESTED PERSON TRANSACTIONS

Disclosure pursuant to Rule 907 of the SGX-ST Listing Manual

The values of interested person transactions carried out during the financial year were as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 20 (excluding transactions less than \$100,000)
<u>OCBC Group</u> ⁽¹⁾		
General Transactions:		
- Leasing/Rental of properties	-	\$916,000 ⁽²⁾
- Sale of vehicle ⁽³⁾	-	\$159,000 ⁽²⁾
Others:		
- Marketing fees & commissions ⁽³⁾	\$2,055,000 ⁽²⁾	-
<u>Director of the Company</u>		
General Transactions:		
- Sale of vehicle to Ms Huang Yuzhu, spouse of Dr Michael Lim Chun Leng ⁽³⁾	\$174,000 ⁽²⁾	-

Notes:

⁽¹⁾ Oversea-Chinese Banking Corporation Limited Group (other than Great Eastern Holdings Limited Group).

⁽²⁾ The value of transactions are based on the Group's effective interest pursuant to Rule 909 of the SGX-ST Listing Manual.

⁽³⁾ Wearnes Automotive Pte. Ltd. together with its subsidiaries and associated companies (the "WAPL Group") have ceased to be subsidiaries of the Company with effect from 24 November 2014 pursuant to the disposal of 100% interest in WAPL Group by WBL under a sale and purchase agreement. Accordingly, the WAPL Group is no longer considered as the entity at risk within the meaning of Chapter 9 of the SGX-ST Listing Manual.

MATERIAL CONTRACTS

Disclosure pursuant to Rule 1207(8) of the SGX-ST Listing Manual

There were no material contracts entered into by the Company or any its subsidiaries involving the interests of any director or controlling shareholder of the Company during the financial year under review.

Information on Substantial Shareholders

As at 9 March 2015

Name of Substantial Shareholders	Stock Units				Preference Shares			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Stock Units	%	No. of Stock Units	%	No. of Preference Shares	%	No. of Preference Shares	%
Oversea-Chinese Banking Corporation Limited ⁽¹⁾	26,233,458	4.12	104,175,958	16.35	20,500	2.34	591,800	67.63
Great Eastern Holdings Limited ⁽²⁾	-	-	104,175,958	16.35	-	-	591,800	67.63
The Great Eastern Life Assurance Company Limited	80,240,675	12.60	-	-	537,207	61.40	-	-
Lee Foundation States Of Malaya	52,673,116	8.27	-	-	-	-	-	-
Kambau Pte Ltd	-	-	-	-	69,000	7.89	-	-
Dr Tan Kheng Lian ⁽³⁾	-	-	-	-	-	-	69,000	7.89
Grange Investment Holdings Pte Ltd (BVI Company) ⁽³⁾	-	-	-	-	-	-	69,000	7.89

Notes:

⁽¹⁾ Oversea-Chinese Banking Corporation Limited is deemed to have an interest in:

- (a) 104,175,958 Stock Units, of which 80,235,499 Stock Units were held by The Great Eastern Life Assurance Company Limited, 17,098,075 Stock Units were held by The Overseas Assurance Corporation Limited, 6,821,680 Stock Units were held by The Great Eastern Trust Private Limited, 5,176 Stock Units were held by United Overseas Bank Nominees Pte Ltd (for the beneficial interest of The Great Eastern Life Assurance Company Limited), 5,176 Stock Units were held by United Overseas Bank Nominees Pte Ltd (for the beneficial interest of The Great Eastern Trust Private Limited) and 10,352 Stock Units were held by Citibank Nominees Singapore Pte Ltd (for the beneficial interest of The Overseas Assurance Corporation Limited); and
- (b) 591,800 Preference Shares, of which 535,207 Preference Shares were held by The Great Eastern Life Assurance Company Limited, 41,357 Preference Shares were held by The Great Eastern Trust Private Limited, 9,236 Preference Shares were held by The Overseas Assurance Corporation Limited, 2,000 Preference Shares were held by United Overseas Bank Nominees Pte Ltd (for the beneficial interest of The Great Eastern Life Assurance Company Limited), 2,000 Preference Shares were held by United Overseas Bank Nominees Pte Ltd (for the beneficial interest of The Great Eastern Trust Private Limited) and 2,000 Preference Shares were held by Citibank Nominees Singapore Pte Ltd (for the beneficial interest of The Overseas Assurance Corporation Limited).

Information on Substantial Shareholders

As at 9 March 2015

⁽²⁾ Great Eastern Holdings Limited is deemed to have an interest in:

- ^(a) 104,175,958 Stock Units, of which 80,235,499 Stock Units were held by The Great Eastern Life Assurance Company Limited, 17,098,075 Stock Units were held by The Overseas Assurance Corporation Limited, 6,821,680 Stock Units were held by The Great Eastern Trust Private Limited, 5,176 Stock Units were held by United Overseas Bank Nominees Pte Ltd (for the beneficial interest of The Great Eastern Life Assurance Company Limited), 5,176 Stock Units were held by United Overseas Bank Nominees Pte Ltd (for the beneficial interest of The Great Eastern Trust Private Limited) and 10,352 Stock Units were held by Citibank Nominees Singapore Pte Ltd (for the beneficial interest of The Overseas Assurance Corporation Limited); and
- ^(b) 591,800 Preference Shares, of which 535,207 Preference Shares were held by The Great Eastern Life Assurance Company Limited, 41,357 Preference Shares were held by The Great Eastern Trust Private Limited, 9,236 Preference Shares were held by The Overseas Assurance Corporation Limited, 2,000 Preference Shares were held by United Overseas Bank Nominees Pte Ltd (for the beneficial interest of The Great Eastern Life Assurance Company Limited), 2,000 Preference Shares were held by United Overseas Bank Nominees Pte Ltd (for the beneficial interest of The Great Eastern Trust Private Limited) and 2,000 Preference Shares were held by Citibank Nominees Singapore Pte Ltd (for the beneficial interest of The Overseas Assurance Corporation Limited).

⁽³⁾ Dr Tan Kheng Lian and Grange Investment Holdings Pte Ltd (BVI Company) are deemed to be interested in the Preference Shares held by Kambau Pte Ltd.

Major Properties

31 December 2014

Investment Properties

Description and Location	Existing Use	Tenure	Unexpired lease term
UE BizHub CITY Clemenceau Avenue, Singapore	Commercial, retail and hospitality	Leasehold	867 years
Mixed-use development at one-north Buona Vista Road/ North Buona Vista Road, Singapore	Retail and hospitality	Leasehold	89 years
UE BizHub TOWER Anson Road, Singapore	Commercial	Freehold	N.A
UE BizHub WEST Alexandra Road, Singapore	Industrial and Commercial	Freehold	N.A

Properties under development

Description and Location	Group's effective interest (%)	Land area	Gross floor area	Stage of completion as at date of annual report (expected year of completion)
Eight Riversuites 862-unit condominium Bendemeer Road/Whampoa East, Singapore	100%	200,402 sqft	701,416 sqft	70% (2016)
Chendu Orchard Villa 1,075 units of semi-detached villas and terrace houses Chengdu, China	67.6%	3,437,605	3,042,795	Phase 3: 80% Show villa area: 66% (2018)
Shenyang Orchard Summer Palace City complex comprising a shopping mall, 348 units of Grade A offices, 408 units of serviced apartments, and 448 units of residential apartments Shenyang, China	67.6%	360,784	2,680,894	Office tower: 75% Serviced Apartments: 72% (2018)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the One Hundred and First Annual General Meeting of United Engineers Limited (the “Company”) will be held at UE Convention Centre, 4 Changi Business Park Avenue 1, Singapore 486016 on Friday, 24 April 2015 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and Audited Financial Statements for the year ended 31 December 2014 and the Auditor’s Report thereon.
2. To declare a first and final dividend of 7.5 cents (one-tier tax exempt) per cumulative preference share for the year ended 31 December 2014, as recommended by the Directors.
3. To declare a first and final dividend of 5 cents (one-tier tax exempt) per ordinary stock unit and a special dividend of 5 cents (one-tier tax exempt) per ordinary stock unit for the year ended 31 December 2014, as recommended by the Directors.
4. To re-elect Mr Tan Ngiap Joo, a Director retiring pursuant to Article 99 of the Articles of Association of the Company and who, being eligible, offers himself for re-election.
5. To re-elect Mr Koh Poh Tiong, a Director retiring pursuant to Article 99 of the Articles of Association of the Company and who, being eligible, offers himself for re-election.
6. To re-appoint Mr Chew Leng Seng as a Director of the Company to hold such office from the date of this Annual General Meeting until the next Annual General Meeting of the Company, pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore.
7. (a) To approve Directors’ Fees of \$944,490 for the year ended 31 December 2014. (2013: \$891,285)
(b) To approve the amount of \$237,500 proposed as Special Fee for Mr Norman Ip Ka Cheung for the year ended 31 December 2014.
8. To re-appoint Ernst & Young LLP as Auditor and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

9. That:
 - (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual (“Chapter 9”) of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies that are considered to be “entities at risk” under Chapter 9, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions described in Appendix A of the Company’s letter to members dated 7 April 2015 (the “Letter”), with any party who is of the classes of Interested Persons described in Appendix A of the Letter, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for Interested Person Transactions (the “IPT Mandate”);

Notice of Annual General Meeting

- (b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and
- (c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed from 5 May 2015 to 6 May 2015 (both dates inclusive) for the purposes of ascertaining dividend entitlements. Duly completed transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road #02-00, Singapore 068898, up to 5.00 p.m. on 4 May 2015 will be registered to determine such dividend entitlements.

Members (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary stock units or (as the case may be) preference shares as at 5.00 p.m. on 4 May 2015 will rank for the relevant proposed dividends.

The proposed dividends, if approved by members at the One Hundred and First Annual General Meeting, will be paid on 13 May 2015.

By Order of the Board

Heng Fook Pyng, Jeslyn
Company Secretary

Singapore
7 April 2015

Notes:

- 1) A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
- 2) If the appointer is a corporation, the instrument appointing a proxy must be under seal or the hand of its duly authorised officer or attorney.
- 3) The instrument appointing a proxy must be deposited at the Company's registered office not less than 48 hours before the time set for the Annual General Meeting or any adjournment thereof.

Notice of Annual General Meeting

Additional Information on items of Ordinary and Special Business:

Item no. 4 is to re-elect Mr Tan Ngiap Joo, who will be retiring by rotation under Article 99 of the Articles of Association of the Company. Mr Tan is considered an Independent and Non-Executive Director. There are no material relationships (including immediate family relationships) between Mr Tan and the other Directors or the Company or its 10% shareholders. For further information on Mr Tan, please refer to the “Board of Directors” section in the Annual Report 2014.

Item no. 5 is to re-elect Mr Koh Poh Tiong, who will be retiring by rotation under Article 99 of the Articles of Association of the Company. Mr Koh is considered an Independent and Non-Executive Director. There are no material relationships (including immediate family relationships) between Mr Koh and the other Directors or the Company or its 10% shareholders. For further information on Mr Koh, please refer to the “Board of Directors” section in the Annual Report 2014.

Item no. 6 is to re-appoint Mr Chew Leng Seng as a Director of the Company to hold such office from the date of this Annual General Meeting until the next Annual General Meeting of the Company, pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore. Mr Chew is considered an Independent and Non-Executive Director. There are no material relationships (including immediate family relationships) between Mr Chew and the other Directors or the Company or its 10% shareholders. For further information on Mr Chew, please refer to the “Board of Directors” section in the Annual Report 2014.

Item no. 7(a) is to facilitate the payment of Directors’ Fees of \$944,490 for the year ended 31 December 2014. The increase in the Directors’ Fees is due to an increase in the attendance fee per board meeting from \$1,000 to \$2,000.

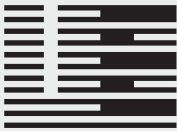
Item no. 7(b) is to approve the payment of \$237,500 as Special Fee for Mr Norman Ip Ka Cheung for his responsibilities and duties assumed over and above the normal duties and responsibilities associated with the office of a Non-Executive Director.

Item no. 9 is to renew, effective until the conclusion of the next Annual General Meeting, the IPT Mandate to enable the Company, its subsidiaries and associated companies which are considered “entities at risk” to enter in the ordinary course of business into certain types of interested person transactions with specified classes of the Company’s interested persons. Particulars of the IPT Mandate and the Audit & Risk Committee’s confirmation in support of the renewal of the IPT Mandate are set out in the Company’s letter to members dated 7 April 2015 accompanying the Annual Report 2014.

Personal Data Privacy:

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

PROXY FORM



United
Engineers
Limited

(Company Registration No. 191200018G)
(Incorporated in Singapore)

IMPORTANT

CPF Investors

- For investors who have used their **CPF monies** to buy **United Engineers Limited** stock units and/or preference shares, the Annual Report is forwarded to them at the request of their Agent Banks and is sent solely FOR INFORMATION ONLY.
- This Proxy Form is **not valid for use by CPF investors** and shall be ineffective for all intents and purposes if used or purported to be used by them.
- CPF investors who wish to attend the Annual General Meeting as OBSERVERS must submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format with the Company Secretary, by the time frame specified. **(Agent Banks: Please see Note 8 on required format).** **Any voting instructions must also be submitted to their Agent Banks within the time frame specified to enable them to vote on the CPF investor's behalf.**

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 7 April 2015.

I/We, (Name) _____, NRIC/Passport No./Co. Regn No.: _____

of (Address) _____

being a member/members of UNITED ENGINEERS LIMITED (the "Company") hereby appoint:

NAME	ADDRESS	NRIC/ PASSPORT NO.	PROPORTION OF SHAREHOLDINGS (%)

and/or (delete as appropriate)

NAME	ADDRESS	NRIC/ PASSPORT NO.	PROPORTION OF SHAREHOLDINGS (%)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the One Hundred and First Annual General Meeting (the "Meeting") of the Company, to be held at UE Convention Centre, 4 Changi Business Park Avenue 1, Singapore 486016 on Friday, 24 April 2015 at 3.00 p.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	Adoption of Reports and Financial Statements		
2.	Declaration of Dividend on Preference Shares		
3.	Declaration of Dividends on Ordinary Stock Units		
4.	Re-election of Mr Tan Ngiap Joo		
5.	Re-election of Mr Koh Poh Tiong		
6.	Re-appointment of Mr Chew Leng Seng		
7(a).	Approval of Directors' Fees		
7(b).	Approval of Special Fee for Mr Norman Ip Ka Cheung		
8.	Re-appointment of Ernst & Young LLP as Auditor		
9.	Renewal of Interested Person Transactions Mandate		

Dated this ____ day of _____ 2015.

Number of Stock Units held	
Number of Preference Shares held	

Signature(s) of Member(s) / Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Stock Units/Preference Shares held by you. If you have Stock Units/Preference Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Stock Units/Preference Shares. If you have Stock Units/Preference Shares registered in your name in the Register of Members of the Company, you should insert that number of Stock Units/Preference Shares. If you have Stock Units/Preference Shares entered against your name in the Depository Register and Stock Units/Preference Shares registered in your name in the Register of Members, you should insert the aggregate number of Stock Units/Preference 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 Stock Units/Preference Shares held by you.
2. A member of the Company entitled to attend and vote at the Meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 12 Ang Mo Kio Street 64, #01-01 UE BizHub CENTRAL, Singapore 569088 not less than 48 hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
8. Agent Banks acting on the request of CPF investors who wish to attend the Meeting as observers are requested to submit in writing, a list of details of the CPF investors' names, NRIC/Passport numbers, addresses and numbers of Stock Units/Preference Shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company Secretary, at the registered office of the Company not later than 48 hours before the time appointed for the Meeting.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Stock Units/Preference Shares entered 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 Stock Units/Preference Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

United Engineers Limited

Company Registration No. 191200018G

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