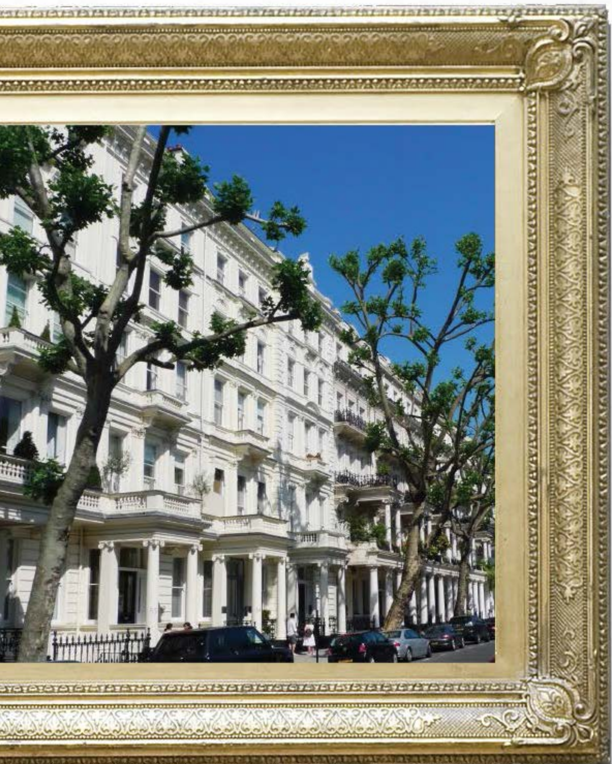
HWA HONG CORPORATION LIMITED
ANNUAL REPORT 2014

Contents



Queensgate

Hornton Street

Underpinned by strategic investments and proactive efforts to optimise our capital structure, our primary objective is to enhance and grow our portfolio of assets and businesses to further cultivate our platform of profitability and sustainability.

Corporate Information

REGISTERED OFFICE

38 South Bridge Road
Singapore 058672
website: www.hwahongcorp.com

Finance and Administrative

38 South Bridge Road #04-01
Singapore 058672
tel: 6538 5711
fax: 6533 3028
email: finance@hwahongcorp.com

Corporate and Legal

38 South Bridge Road #01-01
Singapore 058672
tel: 6538 6818
fax: 6532 6816
email: secretariat@hwahongcorp.com

PRINCIPAL SUBSIDIARIES

Singapore Warehouse Company (Private) Ltd.

400 Orchard Road
#11-09/10 Orchard Towers
Singapore 238875
tel: 6734 8355
fax: 6733 4288
email: property@hwahongcorp.com

Paco Industries Pte. Ltd.

Hwa Hong Edible Oil Industries Pte. Ltd.

38 South Bridge Road #04-01
Singapore 058672
tel: 6538 5711
fax: 6533 3028

MANAGEMENT

Ong Choo Eng Group Managing Director
Hwa Hong Corporation Limited
Ong Mui Eng Executive Director
Hwa Hong Corporation Limited
Lee Soo Wei Chief Financial Officer
Hwa Hong Corporation Limited
Ong Eng Yaw Manager, Investments
Singapore Warehouse Company (Private) Ltd.
Chen Chee Kiew (Mrs) General Manager
Singapore Warehouse Company (Private) Ltd.
Ong Eng Loke Business Development Manager
Hwa Hong Edible Oil Industries Pte. Ltd

COMPANY SECRETARY

Tan San-Ju
Cheng Lisa

REGISTRAR / SHARE REGISTRATION OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
tel: 6536 5355
fax: 6536 1360

AUDITORS

Ernst & Young LLP
Certified Public Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner In-Charge: Tan Chian Khong
(with effect from financial year ended 31 December 2010)

BOARD OF DIRECTORS

Hans Hugh Miller Non Executive Chairman
Ong Choo Eng Group Managing Director
Ong Mui Eng
Ong Hian Eng (Dr)
Guan Meng Kuan
Goh Kian Hwee
Ong Wui Leng, Linda
Huang Yuan Chiang

AUDIT AND RISK COMMITTEE

Hans Hugh Miller Chairman
Goh Kian Hwee
Ong Wui Leng, Linda
Huang Yuan Chiang

NOMINATING COMMITTEE

Ong Wui Leng, Linda Chairman
Hans Hugh Miller
Guan Meng Kuan

REMUNERATION COMMITTEE

Huang Yuan Chiang Chairman
Goh Kian Hwee
Guan Meng Kuan

DIVESTMENT AND INVESTMENT COMMITTEE

Hans Hugh Miller Chairman
Ong Wui Leng, Linda
Huang Yuan Chiang

Financial Calendar

IN RESPECT OF FINANCIAL YEAR ENDED 31 DECEMBER 2014

Announcement of 2014 Unaudited Results

First Quarter ended 31 March 2014	24 April 2014
Second Quarter ended 30 June 2014	23 July 2014
Third Quarter ended 30 September 2014	21 October 2014
Financial Year ended 31 December 2014	4 February 2015

Annual General Meeting

24 April 2015 (10.00 a.m.)

Dividends

Proposed one-tier tax exempt final ordinary dividend of 1 cent per share and one-tier tax exempt special dividend of 0.15 cents per share

Last day for lodgement of transfers for dividend entitlement	Up to 5.00 p.m. on 7 May 2015
Date of books closure	8 May 2015
Payment date	22 May 2015

IN RESPECT OF FINANCIAL YEAR ENDING 31 DECEMBER 2015

Tentative Dates for Announcement of 2015 Unaudited Results

First Quarter of 2015	24 April 2015
Second Quarter of 2015	29 July 2015
Third Quarter of 2015	30 October 2015
Financial Year 2015	1 February 2016

Chairman's Letter To Shareholders

Dear Shareholders,

During 2014, Hwa Hong continued to make progress along the strategic path we have shared with you consistently for many years. Highlights include several property disposals and acquisitions, progress with our serviced offices and Sheffield investment in the United Kingdom, a 42% increase in profit from continuing operations for the year following on from a 32% increase in 2013, higher net assets per share, and a 10% increase in our share price to 33 cents. Last year we returned $6.5 million to shareholders in the form of dividends. The board of directors is proposing for the financial year ended 31 December 2014 a one-tier exempt final dividend of 1 cent and special dividend of 0.15 cent per share, which would amount to S$7.5 million.

From 2006 to 2011, Hwa Hong refocused its business on the property sector and investments by exiting, among other activities, insurance and mining. Following those actions and the success of the Rivergate project, we reduced the size and scope of the company by distributing $367 million of dividends to shareholders between 2006 and 2012. From 2012 forward, our strategies have been to deploy our remaining assets and to balance recurrent income with capital appreciation, investing with a medium-to-long-term time horizon, and limited gearing.

Today the Group's properties are in Singapore and the UK, although management considers other markets from time to time. Given the regulatory and market conditions in Singapore real estate sector, we have been more active in the United Kingdom than in Singapore during 2014.

In Singapore, our investments include the recently renovated data centre facility at Paya Lebar, which is on long lease to the Pacnet group, and our 50% stake in Scotts Spazio which is leased to the Prudential group. We continue to hold 7 residential units and 4 commercial properties at Rivergate, and a 30% stake in Orchard Medical, a medical clinic facility located in Lucky Plaza.

Our presence in the UK has been longstanding. We have recently broadened our local partnerships and resources there, which has helped us identify new properties with promising financial prospects. Over many years and several cycles, the UK market has shown us opportunities to make new investments with the potential for enhancement of returns and recurrent income, plus the potential for gains in later years.

In 2014, as Hwa Hong began repositioning a London serviced offices property on Clerkenwell Road, we were able to negotiate a sale of the property for the equivalent of SGD23 million and a gain of $6.9 million for Hwa Hong. In another transaction, we sold properties on East Road and Vestry Street for the equivalent of SGD26 million and a gain of $9.3 million for Hwa Hong.

The proceeds of those sales were redeployed in London with a $37.7 million investment in Eagle House in Holborn and a $5.4 million investment in 5 retail units at Neo Bankside in the Southbank, adjacent to a property we invested in during 2013. As we continue to hold assets not only in Singapore but also abroad, investors should remember there is an element of unhedged currency exposure which can materially impact our financial results positively or negatively in any one year.

In my letter to you one year ago, I explained several key priorities for 2014. One of those was to reposition the Clerkenwell property which is now sold. A second was to proceed with the development of a mixed-use project in Sheffield, UK comprising student housing, academic facilities and commercial office space. We have substantially completed the planning phase of the development and intend to progress with development works. The third

Chairman's Letter To Shareholders

priority last year was to evaluate our UK residential properties for further asset enhancement which is now in progress. The fourth was to evaluate new investments which has led to our investments in Eagle House and Neo Bankside.

The board of Hwa Hong and management place a high priority on maintaining high standards and improving governance. The board reviews investment strategies and management regularly presents market information and opportunities. The board also increasingly focuses on documentation of the Group's policies and processes, internal and external audit plans and findings, risk management exercises, board education and upgrading the methods for board self-evaluation, among other responsibilities.

As part of our work to improve financial performance, the board does consider various options to return capital to shareholders, including share buybacks. In 2014, the board established parameters for making share buybacks; however, the market price of our shares did not reach the trigger point which had been set.

Hwa Hong continues to prepare financial reporting using historical cost values for our investment properties. This choice of accounting policy tends to be less volatile than fair value reporting; however shareholder should keep in mind two other key features of using historical cost. First, with this historical cost method, the Group charges depreciation in the income statement which would not have been charged to the accounts under fair value accounting. In 2014, depreciation amounted to $1.8 million (pre-tax profits after this deduction were $12.5 million). Second, historical cost valuations are currently lower than fair value for Hwa Hong's

Rivergate Retail

Block E Neo Bankside

investment properties. The Group does, however, report fair value in the notes to the financial statements included in this annual report. For 2014, fair value of our investment properties exceeded historical cost by $112 million.

During 2015 we continue on the same strategic track as last year. Hwa Hong is attentive to improve profitability on current investments when cost-effective, to make new investments when capital deployed is projected to achieve higher returns than alternate uses and our cost of capital, and to return capital to shareholders when the Group believes that is the best alternative. Our strategy is to remain focused on investment opportunities in Singapore and the UK, while opportunistically looking into new markets. We own and invest in properties in various segments of the real estate business and employ various strategies including, inter alia, opportunistic strategies where we see value and value-add strategies where we aim to enhance the value of a property through its repositioning and upgrading.

We thank you, our shareholders, our business partners and our staff for your commitment and support. We look forward to meeting you at the Annual General Meeting.

Very sincerely,

Hans Hugh Miller

Chairman

Financial Highlights

	FY2014 $'000	FY2013 $'000	+/(-) %
Revenue			
– continuing operations	20,411	28,598	**(28.6)**
– discontinued operation	0	16	**(100.0)**
	20,411	28,614	**(28.7)**
Profit/(loss) before taxation			
– continuing operations	12,491	10,007	**24.8**
– discontinued operation	(71)	(170)	**(58.2)**
	12,420	9,837	**26.3**
Assets			
Non-current assets	152,569	133,354	**14.4**
Current assets	102,420	113,429	**(9.7)**
Total assets	**254,989**	**246,783**	**3.3**
Liabilities			
Current liabilities	39,296	38,968	**0.8**
Non-current liabilities	5,206	5,878	**(11.4)**
Total liabilities	**44,502**	**44,846**	**(0.8)**
Per share data			
Share price (cents)	33.00	30.00	**10.0**
Net assets (cents)	32.21	30.90	**4.2**
Earnings per share (cents)			
– continuing operations	1.91	1.35	**41.5**
– discontinued operation	(0.01)	(0.03)	**(66.7)**
Interim dividend declared & paid (cents)	0	0	0.0
Final dividend recommended/declared (cents)	1.00*	1.00*	0.0
Special dividend recommended/declared (cents)	0.15*	0.00	n.m
Ratios			
Current ratio (times)	2.61	2.91	
Gearing ratio (%)	21%	22%	
Total debt to total asset ratio (%)	17%	18%	
Return on equity (%)	6.02%	4.33%	

n.m- denotes not meaningful

* Subject to shareholders' approval at the Annual General Meeting on 24 April 2015.

Performance Review

INCOME STATEMENT

Profit from continuing operations after taxation

Profit from continuing operations after taxation increased by approximately 42%, from $8.8 million in FY2013 to $12.5 million in FY2014. The increase was attributable to gains from the disposal of investment properties and lower general and administrative expenses. Gains from the disposal of investment properties amounted to $18.5 million in 2014 as compared to $3.3 million in 2013, and were attributable to the disposal of 1 Rivergate residential unit in Singapore and 1 apartment and 4 commercial properties in London.

The Group is mindful of being cost efficient and has reduced general and administrative expenses by approximately 3% to $8.1 million in FY2014. This was largely attributable to a reduction in salary and related costs by approximately 15% from $3.8 million in FY2013 to $3.3 million in FY2014.

The increase in profit from continuing operations after taxation was offset by higher other operating costs and a reduction in share of after tax results of associates and joint ventures.

Other operating costs increased by $6.9 million mainly attributable to impairment losses on investment properties of $4.3 million arising from a decline in value of certain UK properties outside London following external and internal valuation exercises carried out during the year on these properties.

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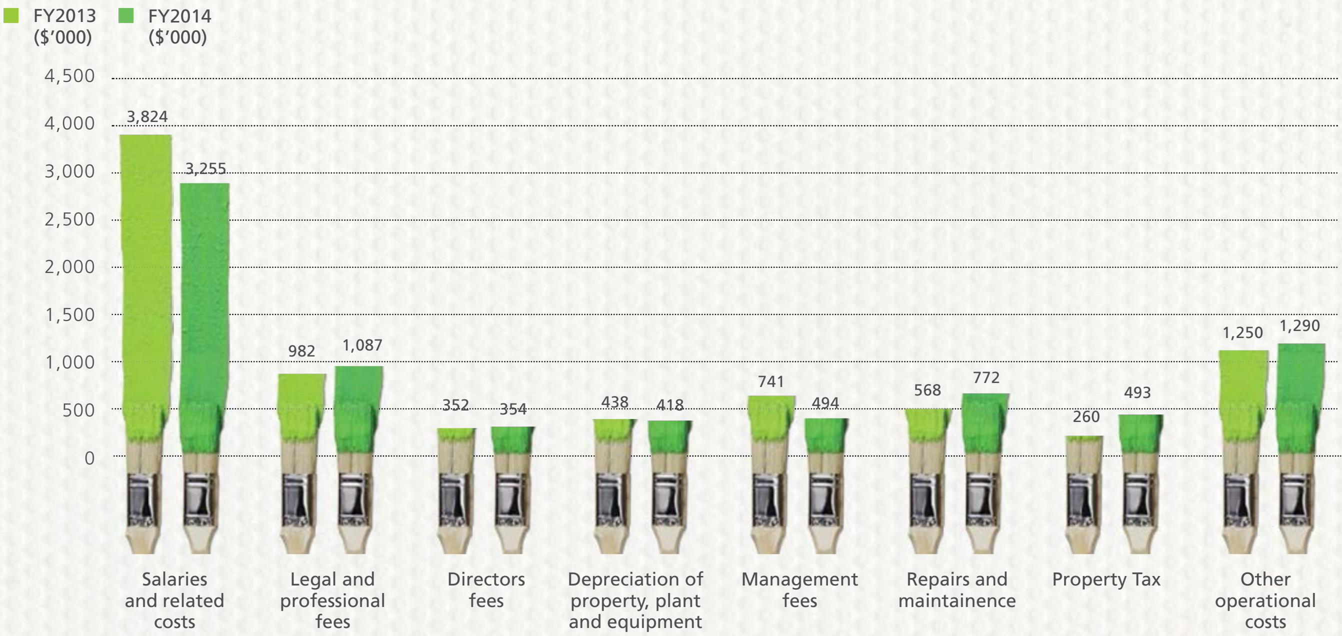
General and Administrative costs



Performance Review

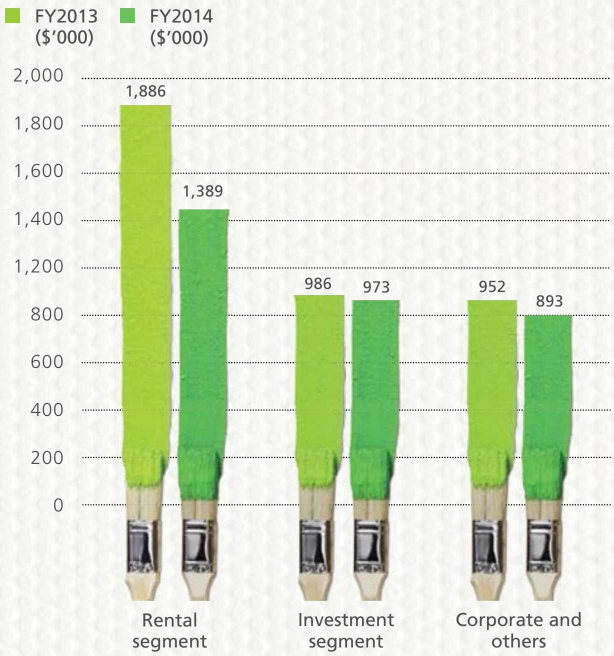
Share of after tax results of associates and joint ventures declined by approximately 72.6% to $1.4 million in FY2014 as compared to FY2013, due mainly to a reduction in our share of results from Hong Property Investments Pte Ltd ("Hong Property"), a company in which we hold a 30% interest. In FY2013, 9 Orchard Medical suites located in Lucky Plaza which were sold by Hong Property resulted in a contribution of $3.4 million to our results. In FY2014, no sales were recorded by Hong Property due to poorer market conditions. In FY2014, the share of after tax results of associates and joint ventures was mainly from the Group's investment in Scotts Spazio Pte Ltd ("Scotts").

Tax expense was $155 in FY2014 as compared to $1.2 million in FY2013. The lower effective tax rate in FY2014 was attributable mainly to non-taxable capital gains arising from the sale of our investment properties and the utilisation of group tax relief from our Singapore subsidiaries.

The Group has two distinct business segments, namely the property segment and the investment segment.

FY2014		FY2013	
40%	Salaries and related costs	45%	Salaries and related costs
13%	Legal and professional fees	12%	Legal and professional fees
4%	Directors fees	4%	Directors fees
5%	Depreciation of property, plant and equipment	5%	Depreciation of property, plant and equipment
6%	Management fees	9%	Management fees
10%	Repair and maintanence	7%	Repair and maintanence
6%	Property tax	3%	Property tax
16%	Other operational costs	15%	Other operational costs

Salaries and related costs - by segments



Property business segment

Although the Group's properties are presently in Singapore and the UK, we continue to explore opportunities in new markets globally. We continue to focus on value creation for shareholders over the medium to long term through, inter alia, enhancing the returns from our existing assets and from recycling capital from our divestments into assets we believe will provide better returns and longer term value.

The decrease in revenue in FY2014 was attributable to lower rental income in the property segment, due primarily to the sale of rental properties and the termination of leases for properties which underwent refurbishment works.

The decrease in rental income was primarily attributable to (i) a decline of $1.7 million in rental income due to the sale of 4 London commercial properties; and (ii) a decline of $1 million in rental income arising from the repositioning of 2 commercial properties in Liverpool and Manchester. These reductions were partially offset by an increase in rental income from our Paya Lebar property of $0.7 million following the completion of refurbishment works in February 2013 and leasing of the property to Pacnet. Rental income from our UK and Singapore properties contributed approximately 26% and 9% to our total revenue, respectively.

Performance Review

Investment business segment

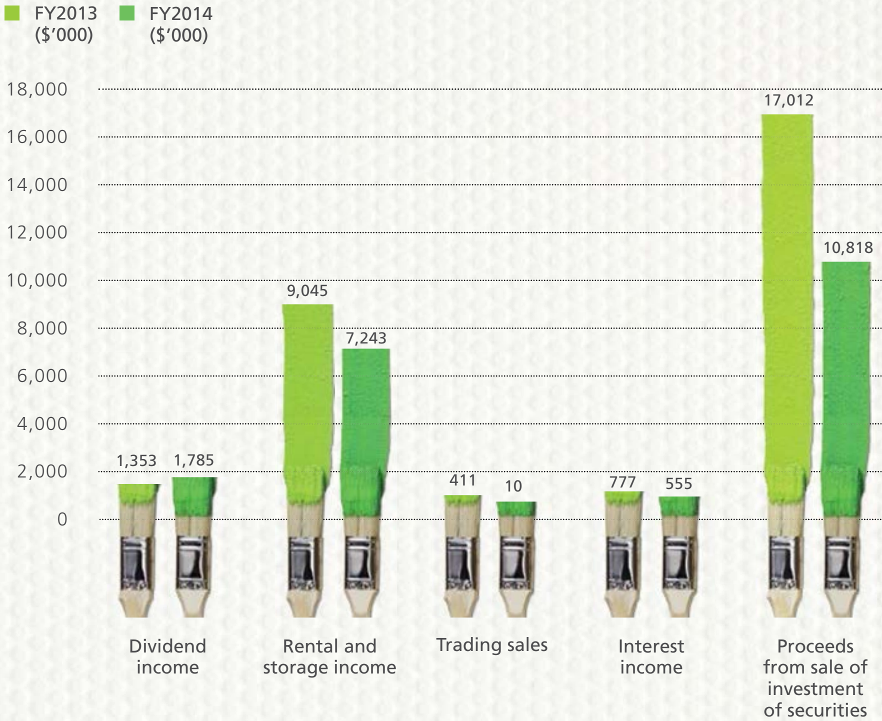
In relation to our investment segment, the Group evaluates investment opportunities in the public and private markets for capital growth, interest income and dividend yield. The investment portfolios are closely monitored and carefully assessed for both risks and returns. Proceeds from the sale of investment securities contributed approximately 53% of the Group's total revenue in FY2014. Lower share trading activities in FY2014 resulted in a decrease in the proceeds from sale of investment securities.

The decrease in share trading revenue was partially offset by an increase in dividend income.

The increase in dividend income was attributable to a distribution of US$0.6 million in FY2014 from one of our investment funds, as compared to a distribution of US$0.3 million in FY2013. Dividend income contributed approximately 9% to our total revenue.

We derive our revenue from 2 main geographical regions, namely Singapore and the UK. Singapore and the UK contributed approximately 89% and 11% to the Group's total revenue, respectively. Revenue from UK contributed 11% and arose from rental of our UK properties and dividend income.

Revenue from continuing operations



BALANCE SHEET

As at 31 December 2014, the Group remained in a sound financial position with shareholders' equity of $210.5 million, cash and bank balances of $52.2 million and S$31.3 million of outstanding bank loans. Of the S$52.2 million in cash and bank balances, $19.0 million is held as collateral for our bank facilities.

Total assets increased by $8.2 million or approximately 3.3%. Total liabilities declined by $0.3 million or approximately 0.8%. Net assets increased by $8.6 million or 4.2%. Net asset value per share rose by approximately 4.2% from 30.90 cents as at 31 December 2013 to 32.21 cents as at 31 December 2014.

During the year, we acquired an interest in a commercial property in London and disposed off 1 residential unit at Rivergate in Singapore and 1 apartment unit and 4 commercial properties in London. This resulted in a net increase of $13 million in investment properties. Investments in joint ventures, associates and investment securities, included as part of total assets, increased by $7 million. The increase was primarily attributable to an increase in investment activities in the UK, an increase in our share of after tax results of associates and joint ventures and a net increase in the fair value of available-for-sale investments due to more favourable market conditions.

Receivables declined by $7.3 million mainly due to receipt of receivables from joint ventures and $3.2 million relating to the disposal of assets following the sale of a wholly-owned subsidiary, Phratra Sdn. Bhd.

Performance Review

DEBT MANAGEMENT

The Group aims to uphold a strong reputation and strives to maintain a strong balance sheet with sufficient liquidity to meet its liabilities irrespective of market conditions.

To ensure that the Group has adequate overall liquidity for its operations and new investment opportunities, the Group has built up sufficient cash reserves of S$52.2 million and has adequate unutilised credit facilities for future investments. We monitor our cash flow position, debt maturity profile, cost of debt and overall liquidity position on a regular basis. In managing our debt levels and interest rate risks, we take into account the interest rate outlook, expected cash flow generated from our operations, our investment horizon for our investments and our acquisition and divestment plans.

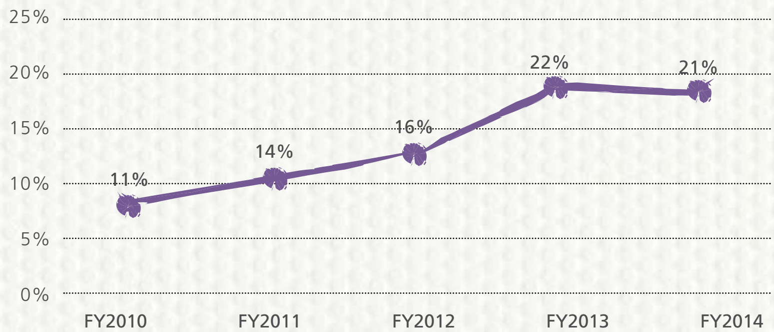
During the year, we made repayments of $25.6 million to our banks. New bank loans obtained during the year amounted to $27.9 million, mainly for the financing of our new investments in the UK. The gearing ratio decreased from 22% as at 31 December 2013 to 21% as at 31 December 2014.

At 31 December 2014, the maturity profile of our outstanding bank borrowings is as follows:

	$'000	% of debt
Due in 2014	31,259	100%
Due after 2014	-	0%
	31,259	

Block E Neo Bankside

GEARING RATIO



Gearing ratio – (Long term debt + short term debt)/shareholders' equity

DIVIDEND YIELD

Dividend yield (based on year end share price) - current year dividend per share/year end share price

Performance Review

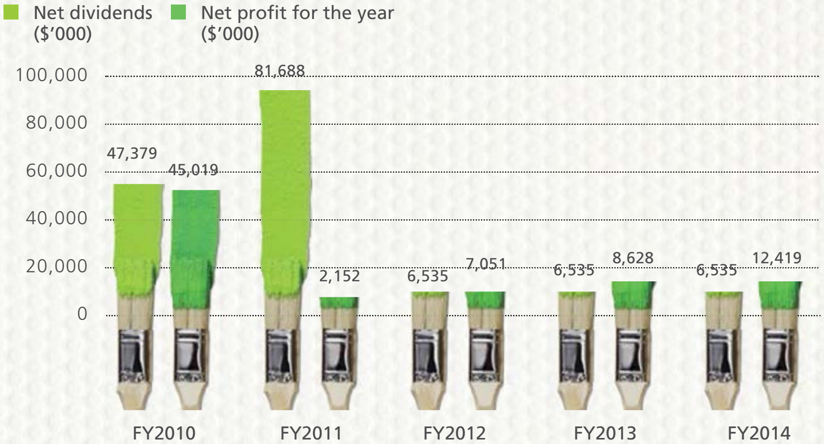
We have sufficient cash reserves to repay all our outstanding loans and are confident of securing additional loan facilities at reasonable terms when the need arises.

INVESTORS' RETURN

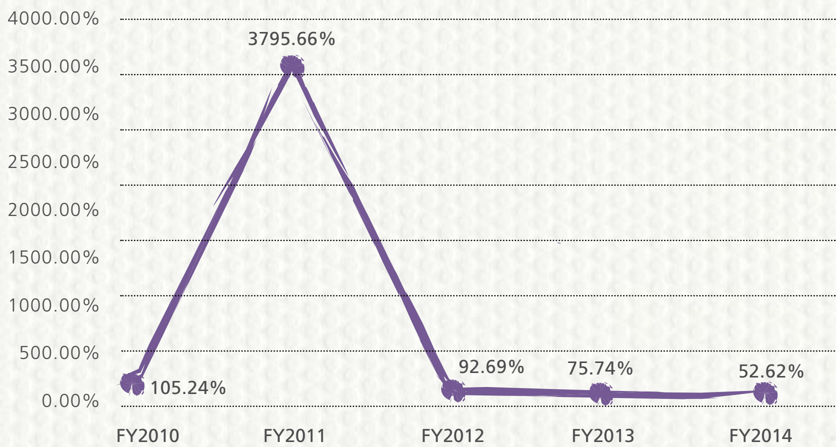
Dividend payout

The Group has a strong track record of paying dividends to shareholders. The decision on whether to recommend a dividend is at the discretion of the Board of Directors. In determining the dividend payout for a given year, the Board of Directors take into account, inter alia, the Group's balance sheet position, operating results, capital requirements and such other factors as the Board of Directors deems relevant. The Group strives to continue declaring dividends to shareholders while maintaining the ability to pursue future investment opportunities.

DIVIDENDS AND NET PROFIT FOR THE YEAR



DIVIDEND PAYOUT FOR THE YEAR



Dividend payout – dividend per share/EPS

For the five financial years ended 31 December 2014, we paid over $149 million in dividends to our shareholders. Owing to our strong cash position and revenue reserves, we were able to pay dividends of $6.54 million, equivalent to approximately 52% of our net profit after tax attributable to shareholders in May 2014. For the upcoming AGM, the directors have recommended a final dividend for FY2014 of 1.0 cent per share and a special dividend of 0.15 cents per share, equivalent to a total dividend of $7.52 million for the financial year ended 31 December 2014. Based upon a recommended dividend of 1.15 cents and our share price of 33 cents as at 31 December 2014, our annualised dividend yield is approximately 3.5%.

Performance Review

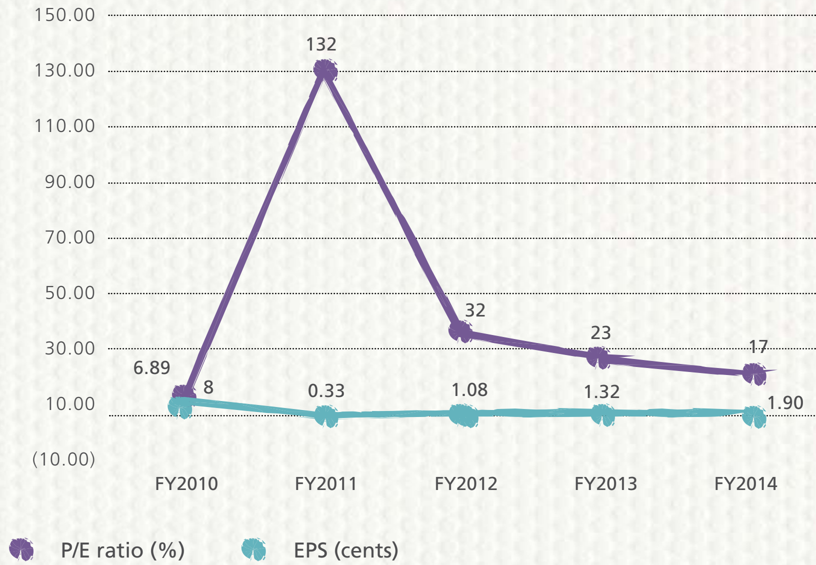
Shareholder return

The Group is focused on maximising shareholder value over the medium to long term. The Group will continue to focus on investment opportunities which enhance recurrent revenues and cash flow and which contribute to growth in shareholder value.

Total earnings per share increased to 1.90 cents in FY2014 from 1.32 cents in FY2013, representing an increase of approximately 44%.

Based on our share price as at 31 December 2014 of 33 cents (31 December 2013: 30 cents) and FY2014 earnings per share of 1.90 cents (FY2013: 1.32 cents), the price-earnings ratio of Hwa Hong shares decreased from 23 as at 31 December 2013 to 17 as at 31 December 2014.

PRICE-EARNINGS RATIO AND EARNINGS PER SHARE



P/E ratio (based on year-end share price) – year end share price/EPS
EPS (cents) – net profit for the year/number of shares X 100

Board of Directors

HANS HUGH MILLER

Chairman; Independent and Non-Executive
B.A. ECONOMICS

Mr Hans Hugh Miller was appointed a Director and the Chairman of the Board of Directors on 3 January 2005 and 20 April 2005 respectively. He was last re-elected on 19 April 2013. Mr Miller will be subject to retirement and will be seeking re-election at the forthcoming Annual General Meeting of the Company scheduled to be held on 24 April 2015. He is also the Chairman of the Audit and Risk Committee and Divestment and Investment Committee of the Company and a member of the Nominating Committee of the Company.

Mr Miller holds a BA degree in economics, Carleton College (Minnesota, USA). From 2009 until the sale of the company this year, Mr Miller was a director of Protective Life Corporation (Alabama, USA) and a member of that company's audit, and finance and risk committees. He also is an advisor and consultant to financial and non-financial institutions particularly in the area of mergers, acquisitions and strategy. He is a professional fine art photographer. Mr Miller formerly was Managing Director and Senior Advisor with the investment bank of Bank of America in New York City. Previously he was President and CEO of the Hartford International Financial Services Group, LLC (CT, USA), and Senior Vice President of The Hartford Financial Services Group, Inc, for Planning, Development and Investor Relations. Among other industry and board roles, Mr Miller was formerly active with the OECD Insurance Committee in Paris, member of the U.S. Commerce Department's ISAC XIII in Washington D.C., chairman of the Committee of American Insurance Association, board member of ITT Europe, and active with on-profit organisations working in the areas of youth development, social justice and historic preservation.

ONG CHOO ENG

Group Managing Director; Non-Independent
M. SC. (ENG.), M.I.C.E., M.I.E.S.

Mr Ong Choo Eng was appointed a Director on 15 June 1982 and has served as Group Managing Director since 10 February 1989. He was last re-appointed on 24 April 2014. Mr Ong will retire pursuant to Section 153 of the Companies Act, Chapter 50 as he is over 70 years of age and will be seeking re-appointment at the forthcoming Annual General Meeting of the Company scheduled to be held on 24 April 2015.

Mr Ong also sits on the boards of two public listed companies in Singapore. He is a member of the Remuneration Committee of MTQ Corporation Limited. In addition, he is a member of the Executive, Investment, Audit, Nominating and Remuneration Committees of Singapore Reinsurance Corporation Limited.

Mr Ong obtained a Bachelor of Science (Honours) Degree in Civil Engineering and a Master of Science Degree in Advanced Structural Engineering from Queen Mary College, University of London in 1966. He was elected a Fellow of Queen Mary College, University of London in 1990. Mr Ong is a member of the Institution of Civil Engineers (UK) and Institution of Engineers (Singapore).

Board of Directors

ONG MUI ENG

Executive Director; Non-Independent

Mr Ong Mui Eng was appointed a Director on 1 February 1983. He was last re-appointed on 24 April 2014. Mr Ong will retire pursuant to Section 153 of the Companies Act, Chapter 50 as he is over 70 years of age and will be seeking re-appointment at the forthcoming Annual General Meeting of the Company scheduled to be held on 24 April 2015.

Mr Ong is overseeing the finance and administration matters of the Group. Prior to joining the Company, he was a Regional Officer in The Hongkong and Shanghai Banking Corporation Limited.

ONG HIAN ENG (DR)

Non-Executive Director; Non-Independent
B. SC., D.I.C., PH. D., C. ENG., F.I. CHEM.E.

Dr Ong Hian Eng was appointed a Director on 24 February 1981. He was last re-elected on 24 April 2014.

Dr Ong is a CEO and Executive Director of AsiaPhos Limited, a public listed company listed in Singapore. He graduated with an Upper Second Class Degree in Chemical Engineering from the University of Surrey in 1969 and completed Doctor of Philosophy (PhD) as a Biochemical Engineer at Imperial College, London in 1972. He is a Corporate Member in the class of fellows of Institution of Chemical Engineers, London since November 1986 and was a member of the Trade Development Board from January 1995 to December 1996.

He is also a member of the Singapore Sichuan Trade & Investment Committee and honorary council member of the Singapore Chinese Chamber of Commerce & Industry.

GUAN MENG KUAN

Non-Executive Director; Non-Independent
B. SC. (ENG.), M.I.E.S., M.I.E.M.

Mr Guan Meng Kuan was appointed a Director on 1 February 1983 and last re-appointed on 24 April 2014. He is also a member of the Nominating Committee and Remuneration Committee of the Company. Mr Guan will retire pursuant to Section 153 of the Companies Act, Chapter 50 as he is over 70 years of age and will be seeking re-appointment at the forthcoming Annual General Meeting of the Company scheduled to be held on 24 April 2015.

Mr Guan was the Managing Director of Singapore Piling & Civil Engineering Private Limited ("SPACE") from November 1971 to December 1999, after which, he has remained as a Director and acted as a consultant to SPACE until this wholly owned subsidiary of the Company was disposed of on 2 July 2001. Prior to this, he held several head posts of Executive Engineer, Deputy Director and Acting Director of Development Division of Jurong Town Corporation.

Mr Guan holds a Bachelor of Science (Engineering) from the University of London, and is a member of the Institution of Engineers (Singapore) and Institution of Engineers (Malaysia).

Board of Directors

GOH KIAN HWEE

Non-Executive Director; Independent
LL.B. (HONS)

Mr Goh Kian Hwee was appointed a Director on 1 September 1989. He was last re-elected on 24 April 2014. Mr Goh is also a member of the Audit and Risk Committee and Remuneration Committee of the Company.

He also sits on the boards of Hong Leong Asia Ltd and QAF Limited and also sits on board of CapitaCommercial Trust Management Limited which manages the listed reit, CapitaCommercial Trust.

Mr Goh is a partner of the law firm, Rajah & Tann LLP. He holds a LLB (Honours) Degree from the University of Singapore and has been a practising lawyer since 1980.

ONG WUI LENG, LINDA

Non-Executive Director; Independent
BSc (Economics) in Management Studies (HONS)
Master of Practising Accounting

Ms Ong was appointed a Director on 19 April 2013. Ms Ong will be subject to retirement and will be seeking re-election at the forthcoming Annual General Meeting of the Company scheduled to be held on 24 April 2015. She is also the Chairman of the Nominating Committee of the Company and a member of the Audit and Risk Committee and Divestment and Investment Committee of the Company.

Ms Ong also sits on the board of SiS International Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited and is the chairperson of the Audit Committee and Remuneration Committee and a member of the Nomination Committee.

She is the director of BlackInk Corporate Partners Pte Ltd having spent more than 10 years in corporate banking. She also has many years of experience in corporate finance and management.

Ms Ong graduated from the University of London, United Kingdom with a Bachelor of Science (Economics) in Management Studies in 1990 and has since completed her Master of Practising Accounting from the Monash University, Australia.

HUANG YUAN CHIANG

Non-Executive Director; Independent
Bachelor of Economics (B.Ec)
Bachelor of Laws (LL.B)

Mr Huang was appointed a Director on 19 April 2013. He is also the Chairman of the Remuneration Committee of the Company and a member of the Audit and Risk Committee and Divestment and Investment Committee of the Company.

Mr Huang is a lawyer by training and was an investment banker by vocation. During his banking career he held senior managerial positions with various banking institutions including HSBC, Bankers Trust and Deutsche Bank.

His areas of specialisation were in mergers and acquisitons and equity capital markets. In addition to our board, Mr Huang also serves on the boards of several other companies including MTQ Corporation Limited. He is also a director of Mercator Lines Singapore Limited.

Mr Huang has degrees in Economics and Laws.

Key Executives

CHEN CHEE KIEW (MRS)

General Manager
Singapore Warehouse Company (Private) Ltd.

Mrs Chen Chee Kiew joined Singapore Warehouse Company (Private) Ltd. as an Executive in April 1977. In 1983, she was promoted to Business Development Manager, to be in charge of leasing, marketing and managing the whole warehouse for the company. In 1989, she was promoted to the post of General Manager and was responsible for leasing/marketing and management of industrial space for the Singapore Warehouse Building situated at Paya Lebar Road and property projects overseas. In addition, she assists the Managing Director in management of funds.

Mrs Chen graduated with a Bachelor of Social Science (Honours) from the University of Singapore in 1975. She also holds a Diploma in Marketing Management.

ONG ENG YAW

Manager, Investments
Singapore Warehouse Company (Private) Ltd.

Mr Ong Eng Yaw joined the Company as Manager for Investments on 1 August 2008. He is responsible for the Group's business development and investment activities. Prior to joining the Company, he has worked in OCBC Bank, Vickers Ballas, DBS Bank, CIMB Group and Parkway Life Real Estate Investment Trust. Mr Ong's career has primarily been in corporate finance. His primary experience has been in advising companies on various equity capital market transactions including initial public offerings, secondary equity offerings as well as mergers and acquisitions. In addition, he has had experience in real estate investment and management in Singapore and the United Kingdom.

Mr Ong graduated with a Bachelor of Laws (second class upper division) from University College London, an MSc (Investment Management)from Cass Business School and an MBA from INSEAD.

ONG ENG LOKE

Business Development Manager
Hwa Hong Edible Oil Industries Pte. Ltd.

Mr Ong joined the Company in August 2004 as manager for business development. Prior to the appointment, he was a fund manager in Tokio Marine Asset Management International Pte Ltd, UOB Asset Management and OUB Asset Management. He is currently responsible for investment opportunities in Asia particularly in the North Asian region of China, Hong Kong and Korea.

Mr Ong graduated with a BComm and Honours BSc (Distinction) in Finance, Actuarial Science and Statistics from the University of Toronto, Canada, and a Master of Arts in Statistics at the York University, Canada, and a Master of Social Science in Applied Economics at the National University of Singapore. He is a Chartered Financial Consultant.

LEE SOO WEI

Chief Financial Officer
Hwa Hong Corporation Limited

Ms Lee Soo Wei joined the Company as Chief Financial Officer on 16 July 2012. She oversees the financial management of the Group, which covers accounting, tax, financial control and reporting.

Ms Lee is a non-practising member of the Institute of Singapore Chartered Accountants.

Prior to joining the Group, Ms Lee was a senior audit manager in the Singapore office of a big four accounting firm where she was involved in various audit and special engagements of local and multi-national companies in various industries.

Corporate Governance Report

Hwa Hong Corporation Limited (the "Company") recognises the importance of good corporate governance practices. The Board of Directors and Management are committed to align the Company's governance framework with the recommendations under the revised Code of Corporate Governance which was issued on 2 May 2012 (the "2012 Code").

This report describes the Company's corporate governance practices with reference to the principles of the 2012 Code.

(A) BOARD MATTERS

THE BOARD'S CONDUCT OF ITS AFFAIRS

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

The board of directors of the Company (the "Board") oversees the corporate policy and overall strategy for the Group. The principal role and responsibilities of the Board include:-

– overseeing the overall strategic plans, overall policies and financial objectives of the Group;

– reviewing the operational and financial performance of the Company and the Group;

– overseeing the business and affairs of the Group, including reviewing the performance of Management;

– approving quarterly financial results announcements, circulars, and audited financial statements and annual reports;

– dealing with matters such as conflict of interest issues relating to directors and substantial shareholders, major acquisitions and disposals of assets, dividend and other distributions to shareholders, and those transactions or matters which require Board's approval under the provisions of the Listing Manual (the "Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST") or any applicable regulations;

– approving changes in the composition of the Board;

– overseeing the Group's system of internal controls, risk management, financial reporting and compliance; and

– overseeing and enhancing corporate governance practices within the Group.

The Board has adopted a set of internal guidelines which sets out authorisation and approval limits for capital expenditure, investments and divestments, bank borrowings and cheque signatories at Board and Management levels.

Management generally seek the Board's approval on matters required under the Companies Act and the Listing Manual.

The functions of the Board are either carried out by the Board or delegated to various Committees established by the Board, namely, the Audit and Risk Committee ("ARC"), the Nominating Committee ("NC"), the Remuneration Committee ("RC") and the Divestment and Investment Committee ("DAIC"). Each Committee has the authority to examine issues relevant to their terms of reference and to make recommendations to the Board for action.

Corporate Governance Report

The Board conducts regularly scheduled meetings on a quarterly basis. Additional meetings are convened as and when circumstances warrant. The Articles of Association of the Company allow Board meetings to be conducted via any form of audio or audio-visual communication. The directors are free to discuss any information or views presented by any member of the Board and Management.

The Company has adopted a policy which welcomes directors to request further explanations, briefings or informal discussions on any aspect of the Group's operations or business from the Management of the Company.

When circumstances require, members of the Board exchange views outside the formal environment of board meetings.

The attendance record of each director at meetings of the Board and Board Committees during the year 2014 is disclosed below:

Number Of Meetings Attended In 2014

Name of Director	Board of Directors	ARC	NC	RC	DAIC
Hans Hugh Miller	4	4	3	Not applicable	3
Ong Choo Eng	4	Not applicable	Not applicable	Not applicable	Not applicable
Ong Mui Eng	4	Not applicable	Not applicable	Not applicable	Not applicable
Ong Hian Eng	4	Not applicable	Not applicable	Not applicable	Not applicable
Guan Meng Kuan	4	Not applicable	3	3	Not applicable
Goh Kian Hwee	4	4	Not applicable	3	Not applicable
Ong Wui Leng, Linda	4	4	3	Not applicable	3
Huang Yuan Chiang	4	4	Not applicable	3	3
Number of meetings held in 2014	**4**	**4**	**3**	**3**	**3**

It is the Company's policy that newly appointed directors were given briefings and orientation by the Executive Directors and the Management to familiarise them with the businesses and operations of the Group. Newly appointed directors are also given a copy of the directors' manual, setting out their duties and obligations. During the financial year, no new directors were appointed.

The directors may join institutes and group associations of specific interests, and attend relevant training seminars or informative talks from time to time so that they are in a better position to discharge their duties. As part of their continuing education, directors may attend courses in areas of directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act and industry-related matters, to keep themselves apprised and updated on the latest corporate, regulatory, legal and other requirements.

Corporate Governance Report

BOARD COMPOSITION AND GUIDANCE

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

The Board comprises eight directors, half of whom (including the Chairman of the Board) are independent directors. Out of the eight directors, two are full-time Executive Directors, and therefore, non-independent. As independent and non-executive directors make up 75% of the Board, no individual or small group of individuals dominate the Board's decision making.

The NC determines on an annual basis whether or not a director is independent, taking into account the 2012 Code's definition. In respect of the review of the independence of each director for the financial year ended 31 December 2014, the NC assessed the independence of each director and had considered Mr Hans Hugh Miller, Mr Goh Kian Hwee, Mr Huang Yuan Chiang and Ms Ong Wui Leng, Linda to be independent. Each member of the NC has abstained from deliberations in respect of assessment of his own independence.

The NC also considered, and is of the view that, the size and composition of the Board are appropriate for effective decision making, taking into account factors such as the scope and nature of the operations of the Group and the core competencies of Board members who are in the fields of civil engineering, accounting, chemical engineering, insurance, law, finance and banking.

The non-executive directors meet separately after each scheduled quarterly Board meetings without the presence of Management.

The Company conducts annual evaluation on each director on an individual basis and as a group to further assist the NC in the assessment of independence of each director and the effectiveness of the Board as a whole. The Company also conducts Board Committees evaluation annually. In considering the independent director who has served on the Board beyond 9 years from the date of his appointment is still independent, the NC takes into consideration the following factors –

(i) The conclusions of the annual Board evaluation;
(ii) The ability to continue exercising independent judgement in the best interests of the Company;
(iii) The attendance and active participation in the proceedings and decision making process of the Board and Board Committee meetings; and
(iv) The high level of commitment, equity and integrity in discharging his respective responsibilities as a director of the Company.

The Board supported the NC's recommendation that Mr Hans Miller and Mr Goh Kian Hwee be considered independent and have the ability to continue exercising independent judgement in the best interest of the Company in discharging their duties objectively as directors of the Company, despite their extended tenure in office.

Corporate Governance Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

The roles of the Chairman and Group Managing Director in the Company are separate. Mr Hans Hugh Miller is the Chairman of the Board and is an independent non-executive director. Mr Ong Choo Eng is the Group Managing Director. The Chairman and the Group Managing Director are not related.

The Group Managing Director has the executive responsibility for the day-to-day operations of the Group whilst the Chairman provides leadership to the Board. The Chairman ensures that Board meetings are held as and when necessary and sets the meeting agenda in consultation with the Group Managing Director and fellow directors and other executives, and if warranted, with professional advisors. He also ensures that any information and materials to be discussed at Board meetings are circulated on a timely basis to directors so as to enable them to be updated and prepared, thereby enhancing the effectiveness of the non-executive directors and the Board as a whole. The Chairman assumes the lead role in promoting corporate governance processes.

BOARD MEMBERSHIP

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

NOMINATING COMMITTEE

The NC comprises entirely of three non-executive directors, a majority of whom, including the Chairman, are independent. The Chairman is not a substantial shareholder or directly associated with a substantial shareholder. The NC members are:

Ong Wui Leng, Linda	*Chairman*
Guan Meng Kuan	
Hans Hugh Miller	

The key duties and responsibilities of the NC under its terms of reference include the following:

- making recommendations to the Board on new appointments to the Board (including alternate director, if applicable);
- making recommendations to the Board on the re-nomination of retiring directors standing for re-election at the Company's annual general meeting, having regard to the director's contribution and performance;
- determining annually whether or not a director is independent;
- reviewing the Board structure, size, balance and composition;
- determining whether or not a director is able to and has been adequately carrying out his duties as a director of the Company, particularly when he has multiple board representations;
- reviewing Board succession plans for directors, in particular, the Chairman and Chief Executive Officer;

Corporate Governance Report

– reviewing training and professional development programs for the Board;

– making recommendations to the Board for the continuation (or not) in the services of any director who has reached the age of 70 years, where appropriate;

– deciding how the Board's performance may be evaluated; and

– recommending for the Board's implementation, a process for assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual director to the effectiveness of the Board.

The NC has in place procedures on the selection and appointment of directors, which outlines the identification of potential candidates and assessment of their skills, knowledge and experience. Recommendations to the Board are made based on the NC's review of these candidates' suitability. New directors are appointed by way of a board resolution after the NC recommends the appointment for approval of the Board.

At each Annual General Meeting ("AGM") of the Company, the Articles of Association of the Company requires one-third of the directors (excluding Managing Director) to retire from office, being one-third of those who have been longest in office since their last re-election. The retiring directors may submit themselves for re-nomination and re-election. A newly appointed director must also subject himself for retirement and re-election at the AGM immediately following his appointment. In addition, directors of or over 70 years of age are required to be re-appointed every year at the AGM pursuant to Section 153 of the Companies Act, Chapter 50 (the "Act"), before they can continue to act as a director.

In compliance with the Company's Articles of Association, Mr Hans Hugh Miller and Ms Ong Wui Leng, Linda would retire by rotation at the forthcoming AGM.

Mr Ong Mui Eng, Mr Guan Meng Kuan and Mr Ong Choo Eng who are of or over 70 years of age, would be re-appointed at the forthcoming AGM pursuant to Section 153 of the Act.

In assessing and recommending a candidate for re-appointment to the Board, the NC takes into consideration the background, experience and knowledge that the candidate brings which could continue to benefit the Board.

The NC has reviewed on an annual basis, the competing time commitments of directors who serve on multiple boards and have other major commitments. In this regard, the NC has considered, and is of the opinion, that the multiple board representations held by directors of the Company do not impede their performance in carrying out their duties to the Company given the prompt and active participation and attendance of directors of the Company whether at Board meetings or by way of other forms of communication including e-mails.

Further information regarding directors can be found in the section "**Board of Directors**" on pages 13 to 15. Details of directors' shareholdings in the Company and related corporations are set out in the "**Directors' Report**" on pages 32 to 34.

Corporate Governance Report

BOARD PERFORMANCE

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

The NC meets at least once a year, and as warranted by circumstances, to discharge its functions. In assessing and making recommendation to the Board as to whether the retiring directors are suitable for re-election/re-appointment, the NC takes into account the director's attendance at meetings and his contribution and performance at such meetings.

The NC also has in place an annual performance evaluation for the Board as a whole, each individual Director and Board Committees whereby the Board and Board Committee members will complete the respective questionnaires. An independent third party was engaged to collate the performance evaluations and provide summary observations for the NC Chairman and the Board Chairman.

ACCESS TO INFORMATION

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

The Management including the Executive Directors keep the Board apprised of the Group's operations and performance through quarterly updates and reports as well as through informal discussions. Prior to any meetings of the Board or Committees, directors are provided, where appropriate, with management information to enable them to be prepared for the meetings. On an ongoing basis, all Board members have separate and independent access to Management should they have any queries or require additional information on the affairs of the Company and the Group.

The Board members also have access to the Company Secretary. The Company Secretary attends all ARC and Board Meetings. The appointment and removal of Company Secretary rests with the Board as a whole.

Where the directors either individually or as a group, in the furtherance of their duties, require independent professional advice, assistance is available to assist them in obtaining such advice at the Company's expense.

(B) REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

Corporate Governance Report

REMUNERATION COMMITTEE

The RC comprises entirely of non-executive directors, the majority of whom, including the Chairman are independent. The RC members are:

Huang Yuan Chiang	*Chairman*
Goh Kian Hwee	
Guan Meng Kuan	

The roles, duties and responsibilities of the RC cover the functions described in the Code including but not limited to, ensuring a fair and transparent procedure for developing policy on executive remuneration and fixing the remuneration packages of directors and key management personnel. As and when deemed appropriate by the RC, expert advice is or will be sought.

The RC also administers the Share Option Scheme of the Company.

LEVEL AND MIX OF REMUNERATION

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

The RC recommends to the Board the quantum of directors' fees and the Board in turn endorses the recommendation for shareholders' approval at AGM. Directors' fees are payable to the non-executive directors and take into account the non-executive director's attendance and responsibilities on the respective Committees of the Board. For the Executive Directors, each of their service contracts and compensation packages is reviewed privately by the RC.

The Company had put in place a share option scheme known as the "Hwa Hong Corporation Limited (2001) Share Option Scheme" (the "2001 Scheme"), approved by shareholders on 29 May 2001. The extension of the 2001 Scheme for a further period of 10 years from 29 May 2011 to 28 May 2021 was approved by shareholders at the Annual General Meeting held on 27 April 2011. Under the 2001 Scheme, the number of shares in respect of which options may be granted shall be determined at the discretion of the RC who shall take into account, *inter alia,* the seniority, level of responsibility, years of service, performance evaluation and potential for development of the employee. More information on the 2001 Scheme can be found in the Rules of the 2001 Scheme as set out in Appendix 1 of the Circular to Shareholders dated 4 May 2001. No options have been granted under the 2001 Scheme in 2014.

Corporate Governance Report

DISCLOSURE ON REMUNERATION

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

The RC makes recommendations on an appropriate framework of remuneration taking into account employment conditions within the industry and the Group's performance to ensure that the package is competitive and sufficient to attract, retain and motivate the directors and key executives. On the other hand, the Company avoids paying more than it is necessary for this purpose. Elements of the Group's relative performance and the performance of the individual directors form part of the Executive Directors' remuneration packages so as to align their interests with those of shareholders and promote long-term success of the Company.

The breakdown (in percentage terms) of the remuneration of directors of the Company for the financial year ended 31 December 2014 ("FY 2014") is set out below:

Remuneration Band & Name Of Director	Based/ Fixed Salary* %	Variable Or Performance Related Income Bonus* %	Fees ** %	Benefits In Kind %	Other Long Term Incentives %	Total %
(i) $500,001 to $750,000						
Ong Choo Eng[1]	67.8	30.5	–	1.7	–	100
(ii) $250,000 and below						
Ong Mui Eng[1]	81.3	13.2	–	5.5	–	100
Hans Hugh Miller	–	–	100	–	–	100
Guan Meng Kuan	–	–	100	–	–	100
Goh Kian Hwee	–	–	100	–	–	100
Ong Wui Leng, Linda	–	–	100	–	–	100
Huang Yuan Chiang	–	–	100	–	–	100
Ong Hian Eng	–	–	100	–	–	100

* *Inclusive of employer's central provident fund contributions.*

** *The fees payable by the Company to the non-executive directors for FY 2014 were approved by shareholders at the AGM held on 24 April 2014.*

1 *Mr Ong Choo Eng and Mr Ong Mui Eng are brothers and also Executive Directors of the Group, and each of their all-in remuneration exceeded S$50,000 for FY 2014.*

Corporate Governance Report

The remuneration of top four key executives (who are not directors) of the Group is categorised into the respective remuneration bands as follows:

Top 4 Key Executives In Remuneration Bands		Number
(i) $250,001 to $500,000		3
(ii)$250,000 and below		1
	Total	4

The remuneration packages of the directors and key executives of the Group generally comprises two components. One component is fixed in the form of a base salary. The other component is variable consisting of AWS and performance bonus. The variable portion is largely dependent on the financial performance of the Group and individual performance. Given the highly competitive industry conditions and the sensitivity and confidentiality of remuneration matters, the Company believes that the disclosure of the details of the remuneration of the directors and key executives (including the aggregate total remuneration paid to the key executives) as recommended by the Code, would be disadvantageous to the Group's interests. The Company has, however, disclosed the remuneration of the directors and key executives (on a non-named basis) in bands.

One of the employees, Mr Ong Eng Yaw whose all-in remuneration exceeded $50,000 is the immediate family member of Mr Ong Choo Eng, the Group Managing Director. One of the employees, Mr Ong Eng Loke whose all-in remuneration exceeded $50,000 is the immediate family member of Mr Ong Mui Eng, an Executive Director. Save as disclosed, none of the employees of the Company and its subsidiaries was an immediate family of any director or the Chief Executive Officer, and whose remuneration exceeded $50,000 in the year 2014.

(C) ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

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

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects, including interim and other price sensitive public reports and reports to regulators (if required). Management provides directors on a quarterly basis, with management accounts and reports on the Group's financial performance and commentary of the competitive conditions of the industry in which the Group operates, which are reviewed by the Board at quarterly Board meetings. Further, the Company adopts a policy which welcomes directors to request further explanations, briefings or informal discussions on any aspect of the Group's operations or business from Management.

Shareholders are informed of the financial performance of the Group through quarterly results announcements and the various disclosures and announcements made to the SGX-ST via SGXnet. The Company provides a platform in its website containing recent information which has been disseminated via SGXnet to the SGX-ST and the public.

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROLS

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

The ARC reviews the Hwa Hong Group's system of internal controls, including financial, operational, compliance and information technology controls, and risk management policies and systems established by Management. Management maintains a sound system of risk management and internal controls which the Board believes are adequate to provide reasonable assurance of the integrity, effectiveness and efficiency of the Company in safeguarding shareholders' interests and the Group's assets.

A formalized risk management process has been established since 2006 whereby key risks, control measures and management actions are identified and monitored by the directors and managers. The Risk Management Report can be found on page 31.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by Management and written representation from the Group Managing Director and Chief Financial Officer on internal controls, the Board, with the concurrence of the ARC, is of the opinion that the Group's internal controls addressing financial, operational, compliance risks and information technology risks are adequate and effective as at 31 December 2014.

The system of internal controls 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. However, the Board also notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities.

The Board has received assurance from the Group Managing Director and the Chief Financial Officer that for the period under review that:

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

(ii) The system of risk management and internal controls in place within the Group is adequate and effective in addressing the financial, operational, compliance and information technology risks.

The Group Managing Director and Chief Financial Officer had obtained similar assurance from the respective managers of the various business units in the Group.

Corporate Governance Report

AUDIT AND RISK COMMITTEE ("ARC")

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

The ARC comprises four members, all of whom are independent directors. The members of the ARC are:

Hans Hugh Miller	*Chairman*
Goh Kian Hwee	
Ong Wui Leng, Linda	
Huang Yuan Chiang	

The Board believes that the ARC is appropriately qualified to discharge their duties and responsibilities.

The ARC has explicit authority to investigate any matter within its terms of reference. It has full access to Management and full discretion to invite any director or executive officer to attend its meetings, and to be provided with reasonable resources to enable it to discharge its functions properly.

The duties and functions of the ARC include the following:

– reviewing the overall scope of the internal and external audit and its cost effectiveness;

– reviewing the assistance given by the Group's officers to the internal and external auditors;

– reviewing the Group's periodic results announcements, the financial statements of the Company and the consolidated financial statements of the Group including the significant financial reporting issues and judgments and auditors' report prior to submission to the Board for approval and release;

– reviewing with the internal and external auditors the results of their examination of the Group's system of internal accounting controls;

– reviewing non-audit services provided by the external auditors;

– reviewing the independence and objectivity of the external auditors;

– reviewing the adequacy and effectiveness of the internal audit function;

– reviewing the effectiveness and adequacy of the Group's internal financial controls, operational, compliance and information technology controls and risk management policies;

– nominating external auditors for appointment, re-appointment, or removal, and approving their remuneration and terms of engagement; and

– reviewing interested person transactions.

The ARC met with the external and internal auditors without the presence of Management for the FY2014 audit.

Corporate Governance Report

The Group Managing Director and the Chief Financial Officer were invited to be present at the ARC meetings to report and brief ARC members on the financial and operating performance of the Group and to answer any queries from the ARC members on any aspect of the operations of the Group. The external auditors were also invited to be present at all ARC meetings held during the year to, *inter alia*, deliberate on accounting and auditing matters.

During the financial year, the ARC reviewed the quarterly financial statements prior to approving or recommending their release to the Board, as applicable; the annual audit plans of the external and internal auditors and the results of the audits performed by them; the list of interested person transactions; effectiveness and adequacy of the Group's risk management and internal controls systems; audit and non-audit services rendered by the external auditors and the re-appointment of external auditors and their remuneration.

The ARC takes measures to keep themselves abreast of the changes to accounting standards and issues which have a direct impact on financial statements, with updates provided by external auditors.

The external auditors have confirmed to the ARC that no non-audit services have been provided by them to the Group and accordingly, no non-audit fees of any kind have been paid or payable to external auditors. Accordingly, the ARC is of the opinion that the independence and objectivity of the external auditors have not been affected.

The accounts of the Company and significant subsidiaries and associated companies, are audited by Ernst & Young LLP, an auditing firm registered with the Accounting and Corporate Regulatory Authority. The Group's UK joint operations are audited by BDO LLP, UK. The ARC and the Board are satisfied that the appointment of the different auditors for the overseas joint operations would not compromise the standard and effectiveness of the audit of the Company. The Group's overseas subsidiaries, joint ventures and associated companies whose contributions to the Group are not significant, are audited by other auditors. The Company has complied with Rule 712 and Rule 715 together with Rule 716 of the Listing Rules of the SGX-ST.

The Company has a whistle-blowing policy whereby staff of the Group and relevant external parties may, in confidence, raise concerns about possible irregularities in matters of financial reporting or other matters. The policy defines the processes clearly to ensure independent investigation of such matters and permits whistle blowers to communicate directly with the ARC Chairman.

INTERNAL AUDIT

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

The internal audit function is outsourced to KPMG LLP ("IA") who reports directly to the ARC. The IA conducts independent reviews, assessment and follow-up procedures on the Group's financial, operational and compliance controls and the IA's findings and recommendations are presented to and reviewed by the ARC.

The ARC meets with the IA, at least twice during the financial year, to review the adequacy and effectiveness of the internal audit function.

Corporate Governance Report

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

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

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

The Company strives to disclose information on a timely basis to shareholders and ensure any disclosure of price sensitive information is not made to a selective group. All shareholders of the Company receive the full annual report with the notice of AGM. Recent annual reports of the Company are available on the Company's website at **www.hwahongcorp.com**. The notice of AGM is also advertised in newspapers and made available on the SGXnet. AGM and/or other general meetings of shareholders are the principal forum for dialogue and interaction with shareholders. During these meetings, shareholders are given the opportunity to air their views and ask directors and/or Management questions regarding the Company and the Group.

The Company has been paying dividend to its shareholders at year end. Any payouts are clearly communicated to shareholders in public announcements via SGXnet.

CONDUCT OF SHAREHOLDER MEETINGS

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

Under the Articles of Association of the Company, a shareholder may vote in person or appoint not more than two proxies to attend and vote in his stead. Such proxy to be appointed need not be a shareholder.

Each distinct issue will be tabled for shareholders' approval via separate resolutions at the general meetings.

The chairman of the ARC, NC, RC, DAIC and the external auditors are also present to assist the directors in addressing any relevant queries by shareholders.

DEALINGS IN SECURITIES

The Company has adopted an internal code on dealings in securities, which has been disseminated to all employees within the Group (the "Code").

Directors and employees of the Company are reminded not to deal (whether directly or indirectly) in the Company's securities on short-term considerations and be mindful of the law on insider trading as prescribed by the Securities & Futures Act, Chapter 289 of Singapore.

Corporate Governance Report

The Code also makes clear that it is an offence to deal in the Company's securities and securities of other listed companies, while in possession of unpublished price-sensitive information and prohibits trading as well as in the following periods:

i) the period commencing two weeks before the announcement of the Company's financial statements for the first, second and third quarters of its financial year; and
ii) the period commencing one month before the announcement of the Company's financial statements for its full financial year.

Each of the above periods will end on the date of the announcement of the relevant results of the Company.

The Company has complied with its Code.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the ARC and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

Transactions entered into with interested persons during FY 2014 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 920 (Excluding Transactions Less Than $100,000)
Goh Kian Hwee		
- Professional fees for services rendered by Rajah & Tann LLP	$56,000	Not applicable**
- Professional fees for service rendered by an associated firm of Rajah & Tann	(708)	Not applicable**
Hong Leong Investment Holdings Pte. Ltd.		
- Interest charged on loan to Hong Property Investment Pte Ltd	$150,808	Not applicable**
Guan Meng Kuan		
- Purchase consideration received from a director for the acquisition of a 40% interest in a subsidiary	$2,621,400	Not applicable**
- Purchase consideration received from an associate of Mr Guan for the acquisition of a 60% interest in a subsidiary	$3,887,220	Not applicable**

** *There is no subsisting shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited.*

Risk Management and Control Environment

RISK MANAGEMENT

The main objective of risk management in Hwa Hong Group is to protect the Group against material losses that may result from taking on unnecessary risks for which it has not been adequately compensated. The Board of Directors' philosophy on risk management is that all risks must be identified, understood, monitored and managed. Furthermore, risk management processes must be closely aligned to the Group's vision and strategy. Since 2006, the Group has implemented a formalised Risk Management Framework for the identification, monitoring and reporting of risks.

The Group believes that effective risk management is the responsibility of all directors and managers, with the Board of Directors providing general oversight. The Audit and Risk Committee supports the Board in the oversight of the financial and other operational risks.

A sound system of risk management and internal control is essential and in this regard, the responsibilities of managers are designed such that there is adequate segregation of duties so that there is a system of checks and balances in the key areas of operations.

The Group's financial risk management objectives and policies are discussed further in Note 37 to the financial statements.

RISK PROCESSES AND ACTIVITIES

During the year, Management carried out a review of the Group's Risk Journals to update and identify new risks that may adversely affect the Group's operations. Based on the reviews, the Board of Directors is not aware of any matter which suggests that key risks are not being satisfactorily managed.

Directors' Report

The directors present their report to the members together with the audited consolidated financial statements of Hwa Hong Corporation Limited (the Company) and its subsidiaries (collectively, the Group) and the balance sheet 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:

Hans Hugh Miller	*(Chairman)*
Ong Choo Eng	*(Group Managing Director)*
Ong Mui Eng	
Ong Hian Eng	
Guan Meng Kuan	
Goh Kian Hwee	
Ong Wui Leng, Linda	
Huang Yuan Chiang	

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

At an extraordinary general meeting of the Company held on 7 November 2003, shareholders of the Company approved, *inter alia*, a scrip dividend scheme known as Hwa Hong Corporation Limited Scrip Dividend Scheme (the "Scrip Dividend Scheme"), which, if applied, provides an opportunity for shareholders of the Company to make an election to receive dividends in the form of ordinary shares in the Company, instead of cash. Pursuant to the Scrip Dividend Scheme, directors who are also shareholders of the Company may elect to receive their dividend entitlements in the form of ordinary shares in the Company if the directors of the Company have determined that the Scrip Dividend Scheme is to apply to a particular dividend.

Except as disclosed aforesaid and under "Share Options" 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' Report

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, Cap. 50, an interest in shares of the Company as stated below:

	Shares beneficially held by director		Shareholdings in which director is deemed to have an interest	
	At 1.1.2014	**At 31.12.2014**	**At 1.1.2014**	**At 31.12.2014**
Ong Choo Eng	587,000	753,000	63,646,395	68,214,395
Ong Mui Eng	11,505,664	11,505,664	321,748	321,748
Ong Hian Eng	9,898,463	9,898,463	32,385,000	32,385,000
Guan Meng Kuan	4,534,860	1,034,860	–	–

There was no change in any of the above mentioned interests in the Company 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 related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

DIRECTORS' INTERESTS IN CONTRACTS

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

SHARE OPTIONS

Hwa Hong Corporation Limited (2001) Share Option Scheme

At an Extraordinary General Meeting held on 29 May 2001, shareholders approved the Hwa Hong Corporation Limited (2001) Share Option Scheme (the "Scheme"). The Scheme will continue in operation for a maximum period of 10 years from 29 May 2001, unless otherwise extended and subject to relevant approvals. At the 58th Annual General Meeting held on 27 April 2012, shareholders approved the extension of the Scheme for another ten years to 28 May 2021.

The principal features of the Scheme had been set out in previous years' Directors' Reports.

The Scheme is administered by the Remuneration Committee, comprising the following directors who are ineligible for the Scheme:

Huang Yuan Chiang *(Chairman)*
Goh Kian Hwee
Guan Meng Kuan

Since the commencement of the Scheme till the end of the financial year, no options have been granted to directors and employees of the Company and its subsidiaries.

Directors' Report

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee performed, *inter alia*, the functions specified in the Companies Act, Cap. 50. The functions performed are set out in the Corporate Governance Report.

The Audit and Risk Committee has nominated Ernst & Young LLP for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

MATERIAL CONTRACTS INVOLVING THE INTERESTS OF CHIEF EXECUTIVE OFFICER, EACH DIRECTOR OR CONTROLLING SHAREHOLDER

Since the end of the previous financial year, the Company and its subsidiaries did not enter into any material contracts involving the interests of the Chief Executive Officer, each director or controlling shareholder (as defined under the Listing Manual of the Singapore Exchange Securities Trading Limited) of the Company and no such material contracts subsist at the end of the financial year, except as disclosed in the accompanying notes and that Singapore Warehouse Company (Private) Ltd. ("SWC"), a wholly owned subsidiary, has entered into property joint ventures and related transactions with certain related corporations of Hong Leong Investment Holdings Pte. Ltd., a controlling shareholder of the Company. The joint ventures are Hong Property Investments Pte Ltd and a residential development known as *The Pier at Robertson* in which SWC has an interest of 30% and 20% respectively.

AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Ong Choo Eng
Director

Ong Mui Eng
Director

Singapore
6 March 2015

Statement by Directors

We, Ong Choo Eng and Ong Mui Eng, being two of the directors of Hwa Hong Corporation Limited, do hereby state that, in the opinion of the directors:

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

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

On behalf of the board of directors,

Ong Choo Eng
Director

Ong Mui Eng
Director

Singapore
6 March 2015

Independent Auditor's Report

For the financial year ended 31 December 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HWA HONG CORPORATION LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Hwa Hong Corporation Limited (the Company) and its subsidiaries (collectively, the Group) set out on pages 38 to 118, which comprise the balance sheets 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 cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

Independent Auditor's Report

For the financial year ended 31 December 2014

OPINION

In our opinion, the consolidated financial statements of the Group and the balance sheet 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
6 March 2015

Consolidated Income Statement

For the financial year ended 31 December 2014

	Note	Group 2014 $	Group 2013 $
Continuing operations			
Revenue	4	20,410,978	28,598,391
Cost of sales	5	(11,268,338)	(18,095,612)
Gross profit		9,142,640	10,502,779
Other income	6	19,617,757	5,254,286
General and administrative costs	7	(8,163,462)	(8,414,508)
Selling and distribution costs		(27,227)	(184,352)
Other operating costs	8	(8,994,494)	(2,081,669)
Finance costs	9	(518,663)	(311,132)
Share of results of associates and joint ventures		1,433,730	5,242,484
Profit before tax from continuing operations		12,490,281	10,007,888
Income tax expense	10	(155)	(1,210,622)
Profit from continuing operations, net of tax		12,490,126	8,797,266
Discontinued operation			
Loss from discontinued operation, net of tax	11	(70,674)	(168,950)
Profit for the year		12,419,452	8,628,316
Attributable to:			
Owners of the Company			
Profit from continuing operations, net of tax		12,490,126	8,797,266
Loss from discontinued operation, net of tax		(70,674)	(168,950)
Profit for the year attributable to owners of the Company		12,419,452	8,628,316
Earnings/(loss) per share (cents):			
Basic and fully diluted			
– Continuing operations	12(a)	1.91	1.35
– Discontinued operation	12(b)	(0.01)	(0.03)
Total	12(c)	1.90	1.32

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2014

	Group	
	2014	**2013**
	$	**$**
Profit for the year	12,419,452	8,628,316
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Available-for-sale investments		
Net (losses)/gains on fair value	(1,720,418)	2,486,211
Reclassification adjustments included in profit or loss for:		
– gains on disposal	(898,293)	(884,925)
– impairment losses	2,104,979	1,381,405
Income tax effect	2,661	(694,540)
Net (losses)/gains on available-for-sale investments (net of tax)	(511,071)	2,288,151
Foreign currency translation	(265,078)	666,379
Reclassification of foreign currency translation on disposal of a subsidiary	3,548,261	–
Reclassification adjustments for gains included in profit or loss relating to disposal of investment properties, which were previously revalued and purchased from an associate	(106,269)	(156,547)
Other comprehensive income for the year, net of tax	2,665,843	2,797,983
Total comprehensive income for the year	15,085,295	11,426,299
Attributable to:		
Owners of the Company		
Total comprehensive income from continuing operations, net of tax	11,607,708	11,595,249
Total comprehensive income from discontinued operation, net of tax	3,477,587	(168,950)
Total comprehensive income for the year attributable to owners of the Company	15,085,295	11,426,299

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

Balance Sheets

As at 31 December 2014

	Note	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
Equity attributable to owners of the Company					
Share capital	13	172,153,626	172,153,626	172,153,626	172,153,626
Reserves	14	38,333,702	29,783,447	8,349,921	9,311,090
Total equity		**210,487,328**	**201,937,073**	**180,503,547**	**181,464,716**
Non-current assets					
Property, plant and equipment	15	5,282,021	5,730,237	–	–
Investment properties	16	100,466,577	87,428,531	–	–
Investment in subsidiaries	17	–	–	171,439,314	173,328,400
Investment in associates	18	16,520,779	14,986,166	745,800	745,800
Investment in joint ventures	19	8,141,829	4,014,655	–	–
Investment securities	20	15,791,199	14,464,263	–	–
Amounts due from associates	18	2,000,000	3,704,742	–	–
Other receivables	21	4,366,106	3,025,116	–	–
		152,568,511	133,353,710	172,185,114	174,074,200
Current assets					
Inventories	22	–	4,115	–	–
Trade receivables	23	771,026	270,599	–	–
Tax recoverable		–	7	–	–
Prepayments and deposits		246,664	295,573	57,183	58,979
Other receivables	21	2,779,749	10,043,689	6,918	–
Amount due from a subsidiary	17	–	–	200,000	–
Amounts due from associates	18	8,987,446	8,853,228	–	–
Investment securities	20	37,479,437	37,222,113	–	–
Cash and bank balances	24	52,156,168	52,524,166	8,897,496	8,337,263
		102,420,490	109,213,490	9,161,597	8,396,242
Properties classified as held for sale	25	–	1,038,090	–	–
Assets of disposal group classified as held for sale	11	–	3,177,081	–	3,098,730
		102,420,490	113,428,661	9,161,597	11,494,972
Total assets		254,989,001	246,782,371	181,346,711	185,569,172

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

Balance Sheets

As at 31 December 2014

	Note	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
Current liabilities					
Trade payables	26	577,681	585,225	–	–
Other payables	27	2,328,893	5,356,563	315,671	3,597,771
Accrued operating expenses		2,475,533	1,632,717	167,720	171,694
Amounts due to associates	18	546,031	517,415	354,173	334,991
Bank loans (secured)	28	31,258,783	28,990,129	–	–
Income tax payable		2,108,489	1,846,440	5,600	–
		39,295,410	38,928,489	843,164	4,104,456
Liabilities directly associated with disposal group classified as held for sale	11	–	40,039	–	–
		39,295,410	38,968,528	843,164	4,104,456
Net current assets		63,125,080	74,460,133	8,318,433	7,390,516
Non-current liabilities					
Deferred tax liabilities	29	4,726,748	5,129,995	–	–
Other payables	27	479,515	746,775	–	–
		5,206,263	5,876,770	–	–
Total liabilities		44,501,673	44,845,298	843,164	4,104,456
Net assets		**210,487,328**	**201,937,073**	**180,503,547**	**181,464,716**

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

Statements of Changes in Equity

For the financial year ended 31 December 2014

2014 Group	Share capital $	Revenue reserve $	Capital reserve $	Fair value reserve $	Currency translation reserve $	Total equity $
	Attributable to owners of the Company					
At 1 January 2014	172,153,626	32,427,325	1,308,350	10,872,374	(14,824,602)	201,937,073
Profit for the year	–	12,419,452	–	–	–	12,419,452
Other comprehensive income						
Net loss on available-for-sale investments	–	–	–	(511,071)	–	(511,071)
Foreign currency translation	–	–	–	–	3,283,183	3,283,183
Reclassification adjustments for gains included in profit or loss relating to disposal of investment properties	–	–	(106,269)	–	–	(106,269)
Other comprehensive income for the year, net of tax	–	–	(106,269)	(511,071)	3,283,183	2,665,843
Total comprehensive income for the year	–	12,419,452	(106,269)	(511,071)	3,283,183	15,085,295
Distributions to owners						
Dividends on ordinary shares (Note 30)	–	(6,535,040)	–	–	–	(6,535,040)
At 31 December 2014	172,153,626	38,311,737	1,202,081	10,361,303	(11,541,419)	210,487,328

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

Statements of Changes in Equity

For the financial year ended 31 December 2014

2013 Group	Attributable to owners of the Company Share capital $	Revenue reserve $	Capital reserve $	Fair value reserve $	Currency translation reserve $	Total equity $
At 1 January 2013	172,153,626	30,334,049	1,464,897	8,584,223	(15,490,981)	197,045,814
Profit for the year	–	8,628,316	–	–	–	8,628,316
Other comprehensive income						
Net gain on available-for-sale investments	–	–	–	2,288,151	–	2,288,151
Foreign currency translation	–	–	–	–	666,379	666,379
Reclassification adjustments for gains included in profit or loss relating to disposal of investment properties	–	–	(156,547)	–	–	(156,547)
Other comprehensive income for the year, net of tax	–	–	(156,547)	2,288,151	666,379	2,797,983
Total comprehensive income for the year	–	8,628,316	(156,547)	2,288,151	666,379	11,426,299
Distributions to owners						
Dividends on ordinary shares (Note 30)	–	(6,535,040)	–	–	–	(6,535,040)
At 31 December 2013	172,153,626	32,427,325	1,308,350	10,872,374	(14,824,602)	201,937,073

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

Statements of Changes in Equity

For the financial year ended 31 December 2014

2014 Company	**Share capital $**	**Revenue reserve $**	**Total equity $**
At 1 January 2014	172,153,626	9,311,090	181,464,716
Profit for the year, representing total comprehensive income for the year	–	5,573,871	5,573,871
Distributions to owners			
Dividends on ordinary shares (Note 30)	–	(6,535,040)	(6,535,040)
At 31 December 2014	172,153,626	8,349,921	180,503,547

2013 Company	**Share capital $**	**Revenue reserve $**	**Total equity $**
At 1 January 2013	172,153,626	18,146,097	190,299,723
Loss for the year, representing total comprehensive income for the year	–	(2,299,967)	(2,299,967)
Distributions to owners			
Dividends on ordinary shares (Note 30)	–	(6,535,040)	(6,535,040)
At 31 December 2013	172,153,626	9,311,090	181,464,716

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

Consolidated Cash Flow Statement

For the financial year ended 31 December 2014

	Note	Group 2014 $	Group 2013 $
Cash flows from operating activities			
Profit before tax from continuing operations		12,490,281	10,007,888
Loss before tax from discontinued operation	11	(70,674)	(169,556)
Profit before tax, total		12,419,607	9,838,332
Adjustments for:			
Depreciation of investment properties	5	1,782,934	1,811,242
Depreciation of property, plant and equipment	7	417,827	437,833
Dividend income from investment securities	4,6	(2,140,029)	(1,701,827)
Gain on disposal of investment properties	6	(18,415,463)	(3,278,059)
Gain on disposal of property, plant and equipment	6	(20,892)	(35,839)
Loss/(gain) on disposal of subsidiaries and a related joint venture	11,17	61,034	(483,059)
Impairment loss on property, plant and equipment	8	–	215,082
Impairment loss on unquoted equity investments (non-current)	8	20,049	–
Impairment loss on quoted equity investments (current)	8	2,084,930	1,381,405
Impairment loss on investment properties	8	4,314,494	–
Impairment loss on other receivables	8	–	485,182
Impairment loss on trade receivables	8	196,049	–
Impairment loss on amounts due from an associate	8	2,378,972	–
Interest expenses	9	518,663	311,132
Interest income	4,6,11	(694,267)	(1,190,987)
Reversal of impairment loss on investment properties	11,16	–	(99,324)
Share of results of associates and joint ventures		(1,433,730)	(5,242,484)
Unrealised exchange differences		3,921	(1,135,206)
Operating cash flows before changes in working capital		1,494,099	1,313,423
Increase in receivables and current investment securities		(5,514,897)	(5,215,659)
Decrease in inventories		4,115	498
Increase in payables		656,911	329,841
Cash flows used in operations		(3,359,772)	(3,571,897)
Dividend income from investment securities		2,140,029	1,701,827
Interest received		443,459	788,435
Interest paid		(518,663)	(311,132)
Income tax paid		(138,690)	(725,780)
Net cash flows used in operating activities		(1,433,637)	(2,118,547)

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

Consolidated Cash Flow Statement

For the financial year ended 31 December 2014

	Note	Group 2014 $	2013 $
Cash flows from investing activities			
Additions to investment properties	16	(39,566,632)	(3,287,311)
(Increase)/decrease in amounts due from associates		(657,639)	6,361,365
Deposits from proposed disposal of a subsidiary	11,27	–	3,321,630
Net cash inflows on disposal of a subsidiary and its related joint venture	11,17	3,185,319	2
Decrease in amounts due from joint ventures		7,995,045	–
Increase in investment securities, net		(1,275,851)	(7,827,430)
Investment in joint venture, net		(4,354,700)	(3,969,853)
Proceeds from disposal of investment properties		39,884,402	5,062,093
Proceeds from disposal of property, plant and equipment		60,046	38,954
Purchase of property, plant and equipment	15	(3,341)	(367,906)
Net cash flows generated from/(used in) investing activities		5,266,649	(668,456)
Cash flows from financing activities			
Dividends paid on ordinary shares	30	(6,535,040)	(6,535,040)
Increase in pledged fixed deposits		(1,660,000)	–
Proceeds from bank loans		27,865,267	12,730,369
Repayment of bank loans		(25,596,613)	(2,900,000)
Net cash flows (used in)/generated from financing activities		(5,926,386)	3,295,329
Net (decrease)/increase in cash and cash equivalents		(2,093,374)	508,326
Cash and cash equivalents at the beginning of year		35,197,140	34,487,169
Effects of exchange rate changes on cash and cash equivalents		52,402	201,645
Cash and cash equivalents at the end of the year		33,156,168	35,197,140

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Note	2014 $	2013 $
Cash and bank balances			
– Continuing operations	24	52,156,168	52,524,166
– Discontinued operation	11	–	12,974
Less: fixed deposits, pledged	24	(19,000,000)	(17,340,000)
Cash and cash equivalents		33,156,168	35,197,140

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

1. CORPORATE INFORMATION

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

The registered office of the Company is located at 38 South Bridge Road, Singapore 058672.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and associates are disclosed below. The Group operates in Singapore, Malaysia and United Kingdom.

The subsidiaries, associates and joint ventures as at 31 December 2014 and 2013 are:

Name of company	Percentage of interest held		Place of incorporation	Cost of investment		Principal activities
	2014	2013		2014	2013	
	%	%		$	$	
(a) Subsidiaries						
Held by the Company						
Singapore Warehouse Company (Private) Ltd.[1]	100.0	100.0	Singapore	154,425,000	154,425,000	Owner of warehouse for rental and storage and investment holding.
Phratra Sdn. Bhd.[9]	-	100.0	Malaysia	-	6,985,272	Property investment and development.
Hwa Hong Edible Oil Industries Pte Ltd.[1]	100.0	100.0	Singapore	27,740,002	27,740,002	Packing of edible oil products, trading and investment holding.
Paco Industries Pte. Ltd.[1]	100.0	100.0	Singapore	5,970,001	5,970,001	Provision of management services.
				188,135,003	195,120,275	
Held by Singapore Warehouse Company (Private) Ltd.						
Thackeray Properties Limited[2]	100.0	100.0	Hong Kong			Owner of investment properties for rental and development.
Pumbledon Limited[2]	100.0	100.0	Hong Kong			Owner of investment properties for rental and development.
Global Trade Investment Management Pte Ltd[1]	100.0	100.0	Singapore			Leasing of residential and commercial properties, business management, consultancy and investment holding.

Notes to the Financial Statements

For the financial year ended 31 December 2014

1. CORPORATE INFORMATION *(cont'd)*

Name of company	Percentage of interest held		Place of incorporation	Principal activities
	2014	2013		
	%	%		
(a) Subsidiaries *(cont'd)*				
Held by Singapore Warehouse Company (Private) Ltd. *(cont'd)*				
Vantagepro Investment Limited [6]	100.0	100.0	British Virgin Islands	Investment holding.
Held by Hwa Hong Edible Oil Industries Pte. Ltd.				
Jining Ningfeng Chemical Industry Co., Limited[7]	100.0	100.0	People's Republic of China	Dormant.
Held by Paco Industries Pte. Ltd.				
Jining Paco Chemical Industry Co., Ltd[7]	100.0	100.0	People's Republic of China	Dormant
Held by Vantagepro Investment Limited				
Capital East Limited[4][11]	82.0	82.0	United Kingdom	Acting as nominee company for investment holding.
Capital Liverpool Limited[4][11]	60.0	60.0	United Kingdom	Acting as nominee company for investment holding.
Capital Hatton Limited[4][11]	82.0	82.0	United Kingdom	Acting as nominee company for investment holding.
Capital 18 Vestry Limited[4][11]	82.0	82.0	United Kingdom	Acting as nominee company for investment holding.
Capital 20 Vestry Limited[4][11]	82.0	82.0	United Kingdom	Acting as nominee company for investment holding.
Capital New Mount Limited[4][11]	82.0	82.0	United Kingdom	Acting as nominee company for investment holding.
Capital Fitzalan Limited[4][11]	50.0	50.0	United Kingdom	Acting as nominee company for investment holding.
Capital Eagle Limited[4][12]	70.0	–	United Kingdom	Acting as nominee company for investment holding.
(b) Associates				
Held by the Company				
Singamet Trading Pte. Ltd.[1]	20.0	20.0	Singapore	Property investment.

Notes to the Financial Statements

For the financial year ended 31 December 2014

1. CORPORATE INFORMATION *(cont'd)*

Name of company	Percentage of interest held 2014 %	Percentage of interest held 2013 %	Place of incorporation	Principal activities
***(b) Associates** (cont'd)*				
Held by Singapore Warehouse Company (Private) Ltd.				
Riverwalk Promenade Pte Ltd[3]	50.0	50.0	Singapore	Property development.
Hong Property Investments Pte Ltd[3]	30.0	30.0	Singapore	Property investment.
Scotts Spazio Pte. Ltd.[1]	50.0	50.0	Singapore	Property investment.
The Pier at Robertson[3][10]	20.0	20.0	Singapore	Property development.
Held by Thackeray Properties Limited				
Matahari 461 Ltd[7]	50.0	50.0	United Kingdom	Dormant.
Capital Willenhall Limited[4]	50.0	50.0	United Kingdom	Property investment.
Held by Hwa Hong Edible Oil Industries Pte. Ltd.				
Norwest Holdings Pte Ltd[8]	49.5	49.5	Singapore	In liquidation.
(c) Joint ventures				
Held by Singapore Warehouse Company (Private) Ltd.				
Neo Pav E Investments LLP[5]	50.0	50.0	United Kingdom	Owner of investment properties for rental and development.
Neo Bankside Retail LLP[5]	50.0	–	United Kingdom	Owner of investment properties for rental and development.

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by member firms of EY Global in the respective countries
(3) Audited by KPMG LLP, Singapore
(4) Audited by BDO Stoy Hayward LLP, London
(5) Audited by Grant Thornton UK LLP
(6) Not required to be audited in the country of incorporation/registration
(7) Not required to be audited as the company is dormant
(8) Not required to be audited as the company is in liquidation
(9) Disposed of during the year
(10) The Group has a 20% interest in a residential development known as *The Pier at Robertson,* which is a joint venture residential development with a related company of a substantial shareholder of the Company, Hong Leong Investment Holdings Pte. Ltd.
(11) Collectively known as Capital Group. The Capital Group are nominee companies which hold the Group's United Kingdom properties in trust for a subsidiary, under a joint arrangement with an external party in respect of the United Kingdom properties.
(12) This is a nominee company which hold the Group's United Kingdom properties in trust for a subsidiary.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

The financial statements are presented in Singapore Dollars (SGD or $), unless otherwise stated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual 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 have been issued but are not yet effective:

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 *Share Based Payment*	1 July 2014
(b) Amendments to FRS 103 *Business Combinations*	1 July 2014
(c) Amendments to FRS 108 *Operating Segments*	1 July 2014
(d) Amendments to FRS 113 *Fair Value Measurements*	1 July 2014
(e) Amendments to FRS 16 *Property, Plant and Equipment and* FRS 38 *Intangible Assets*	1 July 2014
(f) Amendments to FRS 24 *Related Party Disclosures*	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 *Business Combinations*	1 July 2014
(b) Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018

Except for Amendments to FRS 27, FRS 115 and FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and Amendments to FRS 27 is described below.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.3 Standards issued but not yet effective (cont'd)

Amendments to FRS 27 *Equity Method in Separate Financial Statements*

Amendments to FRS 27 are effective for financial periods beginning on or after 1 January 2016. These amendments allow the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. Upon adoption of Amendments to FRS 27, the dividend is recognised in profit or loss unless the entity elects to use the equity method, in which case the dividend is recognised as a reduction from the carrying amount of the investment.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 is effective for financial periods beginning on or after 1 January 2017. FRS 115 establishes a five-step model that apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles).

Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates.

FRS 109 *Financial Instruments*

FRS 109 is effective for financial periods beginning on or after 1 January 2018. FRS 109 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in FRS 39. The approach in FRS 109 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets, and enables companies to reflect their risk management activities better in their financial statements, and, in turn, help investors to understand the effect of those activities on future cash flows. FRS 109 is principle-based, and will more closely align hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group is currently evaluating the impact of the changes and assessing whether the adoption of Amendments to FRS 27, FRS 115 and FRS 109 will have an impact on the Group.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.4 *Basis of consolidation and business combinations (cont'd)*

(a) Basis of consolidation *(cont'd)*

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 interest 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 profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.4 *Basis of consolidation and business combinations (cont'd)*

(b) Business combinations and goodwill *(cont'd)*

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 profit or loss. 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 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.

2.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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

2.6 *Foreign currency*

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

(a) Transactions and balances

Transactions in foreign currencies are 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.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.6 *Foreign currency (cont'd)*

(a) Transactions and balances *(cont'd)*

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

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

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

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost also includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.19. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

Freehold office property	–	50 years
Leasehold land and buildings	–	43 to 50 years
Furniture, motor vehicles, computers and other equipment	–	3 to 15 years

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.7 *Property, plant and equipment (cont'd)*

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 on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 *Investment properties*

Investment properties are properties that are owned by the Group to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially measured 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 cost less accumulated depreciation and any accumulated impairment losses.

Investment properties are subject to renovations or improvements at regular intervals. Its cost is recognised in the carrying amount of the investment property as a replacement if the recognition criteria are satisfied. Components that are replaced are derecognised and included in profit or loss. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line method over the investment properties' estimated useful lives of 50 years. Freehold land has an unlimited useful life and therefore the freehold land component of investment properties is not depreciated.

The carrying values of investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recovered. The residual value, useful life and depreciation method are reviewed, and adjusted prospectively, if appropriate.

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 gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

2.9 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.9 *Impairment of non-financial assets (cont'd)*

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

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss.

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. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.10 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 *Joint arrangements*

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.11 Joint arrangements (cont'd)

(a) Joint operations

The Group recognises in relation to its interest in a joint operation:

(i) its assets, including its share of any assets held jointly;

(ii) its liabilities, including its share of any liabilities incurred jointly;

(iii) its revenue from the sale of its share of the output arising from the joint operation;

(iv) its share of the revenue from the sale of the output by the joint operation; and

(v) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

(b) Joint ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.12.

2.12 Joint ventures and associates

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.12 Joint ventures and associates (cont'd)

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

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

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

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial assets within the scope of FRS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The Group determines the classification of its financial assets at initial recognition.

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

Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

(i) Loans and receivables

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

(ii) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.13 Financial instruments (cont'd)

(a) Financial assets *(cont'd)*

Subsequent measurement *(cont'd)*

(ii) Available-for-sale financial assets (cont'd)

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets 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 profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss 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 had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

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

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities within the scope of FRS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designed as hedging instruments in an effective hedge. The Group determines the classification of its financial liabilities at initial recognition.

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.13 Financial instruments (cont'd)

(b) Financial liabilities *(cont'd)*

Subsequent measurement

The measurement of financial liabilities depends on their classification.

Financial liabilities at amortised cost

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

Derecognition

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

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, 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.

2.14 Impairment of financial assets

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

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.14 Impairment of financial assets (cont'd)

(a) Financial assets carried at amortised cost *(cont'd)*

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

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

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

(b) Financial 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.

(c) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.15 Cash and cash equivalents

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

2.16 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. 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. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. 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 profit or loss 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 profit or loss.

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

2.17 Provisions

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

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

2.18 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.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.19 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.

2.20 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund 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.

(b) Employee leave entitlement

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

2.21 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 and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

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 2.23(d). Contingent rents are recognised as revenue in the period in which they are earned.

2.22 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.23 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) 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, usually on delivery of goods. 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.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

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

(d) Rental income

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

(e) Sale/redemption of investment securities

Revenue from sale/redemption of investment securities is recognised on trade date.

2.24 Taxes

(a) Current income tax

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.24 Taxes (cont'd)

(b) Deferred tax

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

Deferred tax liabilities are recognised for all 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 recovered.

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.24 Taxes (cont'd)

(b) Deferred tax *(cont'd)*

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

(c) Sales tax

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

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

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

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

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 Share capital and share issuance expenses

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

2.27 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.27 Contingencies (cont'd)

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

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

2.28 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).

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period.

3.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Notes to the Financial Statements

For the financial year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES *(cont'd)*

3.1 Judgments made in applying accounting policies (cont'd)

(a) Impairment of available-for-sale investments

The Group records impairment charges on available-for-sale investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgment. In making this judgment, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. For the financial year ended 31 December 2014, the amount of impairment loss recognised for available-for-sale investments was $2,104,979 (2013: $1,381,405). The carrying amount of available-for-sale investments as at 31 December 2014 was $53,270,636 (2013: $51,686,376).

(b) Income taxes

The Group has exposure to income taxes in several jurisdictions. Significant judgment is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable and deferred tax liabilities at 31 December 2014 were $2,108,489 (2013: $1,846,440) and $4,726,748 (2013: $5,129,995) respectively.

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 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.

Loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgment as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for the assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 36 to the financial statements.

The estimate and judgments are however not expected to have a significant risk of causing a material adjustment to the carrying amount of loan and receivables as disclosed in the notes to the financial statements within the next financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2014

4. REVENUE

	Group 2014 $	Group 2013 $
Dividend income from investment securities	1,784,700	1,353,068
Rental and storage income	7,243,403	9,045,481
Trading sales	10,224	411,072
Interest income from		
- Associates	250,808	340,754
- Deposits with financial institutions	123,315	84,967
- Others	180,599	350,921
	554,722	776,642
Proceeds from sale of investment securities	10,817,929	17,012,128
	20,410,978	28,598,391

5. COST OF SALES

Included in cost of sales are:

	Group 2014 $	Group 2013 $
Cost of sale of investment securities	(9,480,919)	(15,433,802)
Depreciation of investment properties	(1,782,934)	(1,811,242)

6. OTHER INCOME

	Group 2014 $	Group 2013 $
Interest income from:		
- Deposits with financial institutions	139,545	63,561
- Associates	–	75,820
- Investment securities	–	273,792
	139,545	413,173
Dividend income from quoted equity investments	355,329	348,759
Gain on:		
- Disposal of investment properties	18,415,463	3,278,059
- Disposal of investment securities	–	64,810
- Disposal of property, plant and equipment	20,892	35,839
- Disposal of a subsidiary and its related joint venture	–	483,059
	18,436,355	3,861,767
Other investment income	91,165	97,266
Foreign currency gain (net)	227,103	447,654
Sundry income	368,260	85,667
	19,617,757	5,254,286

Other investment income relates to receipt of carried interest payment from an investment classified as available-for-sale.

Notes to the Financial Statements

For the financial year ended 31 December 2014

7. GENERAL AND ADMINISTRATIVE COSTS

General and administrative costs include the following:

	Group 2014 $	Group 2013 $
Directors' fees		
- Directors of the Company	(353,000)	(347,375)
- Other directors of subsidiaries	(615)	(4,774)
	(353,615)	(352,149)
Directors' remuneration		
- Directors of the Company	(918,465)	(1,010,867)
- Other directors of subsidiaries	(646,434)	(505,126)
- CPF contributions	(35,031)	(36,345)
	(1,599,930)	(1,552,338)
Audit fees paid to:		
- Auditors of the Company	(158,000)	(158,000)
- Other auditors	(111,300)	(100,510)
	(269,300)	(258,510)
Depreciation of property, plant and equipment	(417,827)	(437,833)
Fees paid to firm and associated firm related to a director	(55,292)	(102,774)
Staff costs (including executive directors)	(3,119,898)	(3,674,746)
CPF contribution (including executive directors)	(134,893)	(148,759)

No non-audit fees were paid to auditors of the Company.

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

8. OTHER OPERATING COSTS

	Group 2014 $	Group 2013 $
Impairment loss on:		
- Unquoted equity investments (non-current)	(20,049)	–
- Quoted equity investments (current)	(2,084,930)	(1,381,405)
- Investment properties	(4,314,494)	–
- Other receivables	–	(485,182)
- Trade receivables	(196,049)	–
- Amounts due from an associate	(2,378,972)	–
- Property, plant and equipment	–	(215,082)
	(8,994,494)	(2,081,669)

Notes to the Financial Statements

For the financial year ended 31 December 2014

9. FINANCE COSTS

	Group 2014 $	Group 2013 $
Interest expenses on bank loans and overdrafts	(518,663)	(311,132)

10. INCOME TAX EXPENSE

Major components of income tax expense

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

	Group 2014 $	Group 2013 $
Consolidated income statement:		
Current income tax – continuing operations:		
- Current income taxation	(319,089)	(331,610)
- Underprovision in respect of previous years	(6,926)	(78,545)
	(326,015)	(410,155)
Deferred income tax – continuing operations:		
- Origination and reversal of temporary differences	(96,498)	(659,287)
- Overprovision in respect of previous years	497,083	–
	400,585	(659,287)
Withholding tax	(74,725)	(141,180)
Income tax attributable to continuing operations	(155)	(1,210,622)
Income tax attributable to discontinued operation	–	606
Income tax expense recognised in profit or loss	(155)	(1,210,016)
Consolidated statement of comprehensive income:		
Deferred tax credit/(expense) related to other comprehensive income:		
- Net gain on fair value changes of available-for-sale financial assets	2,661	(694,540)

Notes to the Financial Statements

For the financial year ended 31 December 2014

10. INCOME TAX EXPENSE *(cont'd)*

Relationship between income tax expense and accounting profit

A reconciliation of the applicable statutory tax rate to the Group's effective tax rate for the years ended 31 December 2014 and 2013 is as follows:

	Group	
	2014	**2013**
	$	**$**
Profit before tax from continuing operations	12,490,281	10,007,888
Loss before tax from discontinued operation	(70,674)	(169,556)
Accounting profit before tax	12,419,607	9,838,332
	%	**%**
Domestic statutory tax rate	17.00	17.00
Adjustments:		
Non-deductible expenses	17.90	12.79
Income not subject to taxation	(29.20)	(23.77)
(Over)/under provision in respect of previous years	(3.95)	0.80
Withholding tax expense	0.60	1.43
Deferred tax assets not recognised	0.80	12.60
Effect of tax due to different jurisdiction	–	0.12
Effect of partial tax exemption and tax relief	(1.50)	(0.01)
Share of results of associates and joint ventures	(2.00)	(9.06)
Others	0.35	0.40
Effective tax rate	–	12.30

11. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 23 December 2013, the Company announced that it had entered into a sale and purchase agreement with two parties in relation to the proposed disposal of a wholly-owned subsidiary, Phratra Sdn Bhd (''Phratra") for a cash consideration of approximately $6.6 million. The decision was made so as to enable the Group to realise the value from its investment in Phratra and thereby allow the Group to make more efficient use of capital.

As at 31 December 2013, the assets and liabilities related to Phratra have been presented in the balance sheet as ''Assets of disposal group classified as held for sale" and ''Liabilities directly associated with the disposal group classified as held for sale", and its results are presented separately on profit or loss as "Loss from discontinued operation, net of tax". The disposal of Phratra was completed on 17 February 2014 and Phratra ceased to be a subsidiary of the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2014

11. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *(cont'd)*

Balance sheet disclosures

The major classes of assets and liabilities of Phratra classified as held for sale as at 31 December 2013 and 17 February 2014 are as follows:

	17 February 2014 $	31 December 2013 $
Assets:		
Investment properties (Note 16)	3,250,648	3,363,239
Prepayments and deposits	4,046	868
Cash and bank balances	1,671	12,974
Loss recognised on re-measurement to fair value less cost to sell	–	(200,000)
Assets of disposal group classified as held for sale	3,256,365	3,177,081
Liabilities:		
Other payables	(8,616)	(4,744)
Accrued operating expenses	(26,356)	(35,295)
Liabilities directly associated with disposal group classified as held for sale	(34,972)	(40,039)
Net assets of disposal group classified as held for sale	3,221,393	3,137,042
Reserve:		
Currency translation reserves	(3,548,261)	(3,436,564)

Income statement disclosures

	1.1.2014 to 17.2.2014 $	1.1.2013 to 31.12.2013 $
Revenue	–	15,755
Other income	–	100,495
Expenses	(9,640)	(85,806)
(Loss)/profit from operation	(9,640)	30,444
Loss recognised on remeasurement to fair value less costs to sell	–	(200,000)
Loss on disposal of discontinued operation	(61,034)	–
Loss before tax from discontinued operation	(70,674)	(169,556)
Taxation related to loss from ordinary activities of the discontinued operation	–	606
Loss from discontinued operation, net of tax	(70,674)	(168,950)

Notes to the Financial Statements

For the financial year ended 31 December 2014

11. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *(cont'd)*

The following items have been included in arriving at loss before tax from discontinued operation:

	$	**$**
Reversal of impairment loss on investment properties	–	99,324
Interest income from deposits with financial institutions	–	1,172

<u>Cash flow statement disclosures</u>

The cash flows attributable to Phratra are as follows:

	Group	
	2014	**2013**
	$	**$**
Operating	(10,916)	(89,166)
Investing	–	1,160
Net cash outflows	(10,916)	(88,006)

The value of assets and liabilities of Phratra recorded in the consolidated financial statements as at 17 February 2014, and the cash flow effect of the disposal were:

	Group 17 February 2014 $
Identifiable net assets disposed of	3,221,393
Reclassification of currency translation	3,548,261
Loss previously recognised	(200,000)
	6,569,654
Loss on disposal	(61,034)
Cash proceeds from disposal	6,508,620
Less cash and cash equivalents of the subsidiary disposed of	(1,671)
	6,506,949
Comprise:	
Deposits received in the prior year	3,321,630
Balance received in the current year	3,185,319
	6,506,949

Notes to the Financial Statements

For the financial year ended 31 December 2014

12. EARNINGS PER SHARE

(a) Continuing operations

Basic earnings per share from continuing operations are calculated by dividing the profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year. There is no dilution to earnings per share from conversion of dilutive potential ordinary shares into ordinary shares as no options have been granted under the Hwa Hong Corporation Limited (2001) Share Option Scheme.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2014	**2013**
	$	**$**
Profit for the year attributable to owners of the Company	12,419,452	8,628,316
Add: Loss from discontinued operation, net of tax, attributable to owners of the Company	70,674	168,950
Profit from continuing operations, net of tax, attributable to owners of the Company used in the computation of basic and diluted earnings per share	12,490,126	8,797,266
Weighted average number of ordinary shares for basic and diluted earnings per share computation	653,504,000	653,504,000

(b) Discontinued operation

Basic and diluted loss per share from discontinued operation are calculated by dividing the loss from discontinued operation, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year. These profit and share data are presented in the tables in Note 12(a) above.

(c) Earnings per share computation

Basic and diluted earnings per share are calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year. These profit and share data are presented in the tables in Note 12(a) above.

Notes to the Financial Statements

For the financial year ended 31 December 2014

13. SHARE CAPITAL

	Group and Company 2014 and 2013 No. of shares	$
Issued and fully paid ordinary shares		
Balance at the beginning and end of the year	653,504,000	172,153,626

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

Share repurchase

At the Extraordinary General Meeting held on 7 November 2003, shareholders approved the grant of a general mandate to enable the Company to purchase or otherwise acquire its issued ordinary shares (the "Share Purchase Mandate"). The terms of the Share Purchase Mandate were set out in the Company's Circular to Shareholders dated 15 October 2003. The Share Purchase Mandate was renewed on 24 April 2014. The Company did not repurchase any shares during the financial year.

14. RESERVES

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Revenue reserve	38,311,737	32,427,325	8,349,921	9,311,090
Capital reserve	1,202,081	1,308,350	–	–
Fair value reserve	10,361,303	10,872,374	–	–
Currency translation reserve	(11,541,419)	(14,824,602)	–	–
	38,333,702	29,783,447	8,349,921	9,311,090

Capital reserve represents unrealised revaluation gain pertaining to certain properties purchased from an associate.

Fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

Currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Notes to the Financial Statements

For the financial year ended 31 December 2014

15. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold office property $	Leasehold land and buildings $	Furniture, motor vehicles, computers and other equipment $	Total $
Cost				
At 1 January 2013	2,299,292	5,165,495	2,727,072	10,191,859
Additions	–	21,961	345,945	367,906
Disposals	–	–	(226,411)	(226,411)
Reclassification to properties held for sale	–	–	(5,013)	(5,013)
Currency realignment	–	–	43,731	43,731
At 31 December 2013 and 1 January 2014	2,299,292	5,187,456	2,885,324	10,372,072
Additions	–	–	3,341	3,341
Disposals	–	–	(453,461)	(453,461)
Currency realignment	–	–	13,151	13,151
At 31 December 2014	2,299,292	5,187,456	2,448,355	9,935,103
Accumulated depreciation and impairment loss				
At 1 January 2013	551,830	1,996,166	1,640,838	4,188,834
Depreciation for the year	45,986	120,836	271,011	437,833
Impairment loss	–	–	215,082	215,082
Reclassification to properties held for sale	–	–	(4,359)	(4,359)
Disposals	–	–	(225,334)	(225,334)
Currency realignment	–	–	29,779	29,779
At 31 December 2013 and 1 January 2014	597,816	2,117,002	1,927,017	4,641,835
Depreciation for the year	45,986	120,836	251,005	417,827
Disposals	–	–	(414,961)	(414,961)
Currency realignment	–	–	8,381	8,381
At 31 December 2014	643,802	2,237,838	1,771,442	4,653,082
Net carrying amount				
At 31 December 2013	1,701,476	3,070,454	958,307	5,730,237
At 31 December 2014	1,655,490	2,949,618	676,913	5,282,021

Notes to the Financial Statements

For the financial year ended 31 December 2014

15. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

Company	Furniture, motor vehicles, computers and other equipment $
Cost	
Balance at 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	283,101
Accumulated depreciation and impairment loss	
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	283,101
Net carrying amount	
At 31 December 2013	–
At 31 December 2014	–

The Group's leasehold land and buildings are mortgaged to secure the Group's banking facilities, which have not been utilised as at 31 December 2014 and 2013.

Impairment of assets

During the financial year 2013, the Group carried out a review of the recoverable amounts of its plant and equipment as it plans to reposition a service office in the United Kingdom to a long-term lease. An impairment loss of $215,082, representing the write off of this asset, was recognised in "other operating costs" (Note 8) line item of profit or loss for the year ended 31 December 2013.

Notes to the Financial Statements

For the financial year ended 31 December 2014

16. INVESTMENT PROPERTIES

Group	Freehold land $	Buildings $	Construction in-progress $	Total $
Cost				
At 1 January 2013	39,893,643	58,007,750	13,016,985	110,918,378
Additions (subsequent expenditure)	–	1,231,607	2,055,704	3,287,311
Disposal	(161,921)	(438,340)	–	(600,261)
Reclassification	–	14,809,477	(14,809,477)	–
Reclassification to properties held for sale	(705,160)	(373,342)	–	(1,078,502)
Attributable to discontinued operation (Note 11)	(3,363,239)	–	–	(3,363,239)
Currency realignment	520,344	1,442,363	11,475	1,974,182
At 31 December 2013 and 1 January 2014	36,183,667	74,679,515	274,687	111,137,869
Additions (subsequent expenditure)	11,460,696	28,019,597	86,339	39,566,632
Disposal	(7,000,077)	(16,230,014)	–	(23,230,091)
Currency realignment	52,302	123,709	943	176,954
At 31 December 2014	40,696,588	86,592,807	361,969	127,651,364
Accumulated depreciation and impairment loss				
At 1 January 2013	2,132,774	19,454,759	–	21,587,533
Depreciation for the year	–	1,811,242	–	1,811,242
Disposal	–	(108,485)	–	(108,485)
Reversal of impairment loss	(99,324)	–	–	(99,324)
Reclassification to properties held for sale	–	(41,066)	–	(41,066)
Currency realignment	80,464	478,974	–	559,438
At 31 December 2013 and 1 January 2014	2,113,914	21,595,424	–	23,709,338
Depreciation for the year	–	1,782,934	–	1,782,934
Disposal	–	(2,692,319)	–	(2,692,319)
Impairment loss	1,294,348	3,020,146	–	4,314,494
Currency realignment	(706)	71,046	–	70,340
At 31 December 2014	3,407,556	23,777,231	–	27,184,787
Net carrying amount				
At 31 December 2013	34,069,753	53,084,091	274,687	87,428,531
At 31 December 2014	37,289,032	62,815,576	361,969	100,466,577

Notes to the Financial Statements

For the financial year ended 31 December 2014

16. INVESTMENT PROPERTIES *(cont'd)*

	Group 2014 $	Group 2013 $
Rental income from investment properties		
- Continuing operations	7,243,403	9,045,481
- Discontinued operation	–	15,755
Direct operating expenses (including depreciation, repairs and maintenance) arising from rental generating properties		
- Continuing operations	4,268,885	4,978,016
- Discontinued operation	–	48,850
Market value of investment properties	212,727,091	209,891,216

The investment properties held by the Group, which are all rental generating, are disclosed in Note 35 to the financial statements. During the year, the Group made additions and alterations to its existing investment properties. The remaining capital expenditure commitments are disclosed in Note 32(b) to the financial statements.

Valuation of the investment properties

Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. Valuation of investment properties is performed for disclosure purposes and impairment assessments. The Group has a policy to obtain external, independent valuations for its properties once every three years. Directors' valuations are carried out annually.

Fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

For valuations performed by external valuation experts, the Group reviews the appropriateness of the valuation methodologies and assumptions adopted. The Group also evaluates the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

The CFO documents and reports its analysis and results of the valuation to the Audit Committee on a quarterly basis, in line with the Group's quarterly reporting dates.

Notes to the Financial Statements

For the financial year ended 31 December 2014

16. INVESTMENT PROPERTIES *(cont'd)*

Valuation of the investment properties *(cont'd)*

During the year, valuations were performed by CBRE LLP for a property in United Kingdom and Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("Colliers International") for a property in Singapore (2013: PA International Property Consultants Sdn Bhd for a property in Malaysia, Gerald Eve LLP for three properties in United Kingdom and Colliers International for a property in Singapore respectively). These independent valuers have recognised and relevant professional qualification with relevant experience in the location and category of the properties being valued.

The valuation for the Singapore property was based on the Income Capitalisation Method, which involves the conversion of the estimated annual net rental income of the property after deducting all necessary outgoings and expenses such as property tax, costs of repairs and maintenance and insurance into a capital sum at a suitable rate of return which reflects the tenure and quality of the investment. The valuation for the United Kingdom property was derived using the Direct Comparison Method, based on comparable market transactions that consider the sale of similar properties that have been transacted in the open market.

Valuation for the remaining properties was performed by directors as at year end, using recent transacted prices.

An impairment loss of $4,314,494 (2013: $Nil), representing the excess of the carrying values over the market values of certain properties in the United Kingdom was recognised in "Other operating costs" (Note 8) line of profit or loss for the year ended 31 December 2014. In 2013, an impairment loss of $99,324 was reversed for the year ended 31 December 2013 to reflect the excess of the market value over the carrying value of a property in Malaysia.

Properties pledged as security

Investment properties in Singapore amounting to $14,093,117 (2013: $14,220,953) are mortgaged and their rental income assigned to a bank to secure bank loans and banking facilities. The bank loans were fully repaid in 2011.

Another investment property in Singapore amounting to $35,005,336 is mortgaged in current year and its rental income is assigned to a bank to secure bank loans.

17. INVESTMENT IN SUBSIDIARIES

	Company	
	2014	**2013**
	$	**$**
Unquoted shares, at cost	188,135,003	195,120,275
Impairment losses		
Balance at 1 January	(18,693,145)	(17,276,542)
Charge to profit or loss	(1,889,086)	(1,416,603)
Written off	3,886,542	–
Balance at 31 December	(16,695,689)	(18,693,145)
	171,439,314	176,427,130
Reclassified to assets of disposal group classified as held for sale	–	(3,098,730)
	171,439,314	173,328,400
Amount due from a subsidiary	200,000	–

Notes to the Financial Statements

For the financial year ended 31 December 2014

17. INVESTMENT IN SUBSIDIARIES *(cont'd)*

In 2013, following the proposed disposal of Phratra (Note 11), net cost of investment in Phratra amounting to $3,098,730 was reclassified to assets of disposal group classified as held for sale in the balance sheet of the Company.

Amounts due from a subsidiary were non-trade related, unsecured, non-interest bearing, repayable upon demand and were to be settled in cash.

During the financial year, the Company recognised an impairment loss of $1,889,086 (2013: $1,416,603) for the investment in Hwa Hong Edible Oil Industries Pte Ltd ("HHEO") as there was a decline in the recoverable amount of this subsidiary. The recoverable amount has been determined based on fair value less costs to sell of the underlying assets of the subsidiary, which largely comprises quoted equity securities. In the current year, there was a significant decline in the quoted prices of its equity securities, mainly due to unfavourable market conditions, which has led to the recognition of the impairment loss.

Impairment loss of $3,886,542 (2013: $Nil) was written off following the disposal of Phratra.

The Group disposed of its 82% interests in Capital Glasgow Limited ("Capital Glasgow"), as well as its related joint venture, on 1 October 2013 for a cash consideration of 1 Pound Sterling (equivalent to $2).

The value of assets and liabilities of Capital Glasgow and its related joint venture recorded in the consolidated financial statements as at 1 October 2013, and the cash flow effect of the disposal were:

	$
Assets:	
Trade receivables	196,587
Other receivables	177,882
	374,469
Liabilities:	
Other payables	(822,720)
Trade payables	(36,986)
Accrued operating expenses	(13,496)
	(873,202)
Carrying value of net liabilities disposed of	(498,733)
Reclassification of currency translation reserve	15,676
	(483,057)
Gain on disposal of a subsidiary and its related joint venture	483,059
Cash proceeds from disposal, representing net cash inflow on disposal of a subsidiary and its related joint venture	2

Notes to the Financial Statements

For the financial year ended 31 December 2014

18. INVESTMENT IN ASSOCIATES

The Group's and the Company's material investments in associates are summarised below:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Scotts Spazio Pte. Ltd.	8,205,137	6,882,453	–	–
Hong Property Investments Pte Ltd	5,774,563	5,569,499	–	–
Other associates	2,541,079	2,534,214	800,000	800,000
	16,520,779	14,986,166	800,000	800,000
Less: Impairment losses	–	–	(54,200)	(54,200)
	16,520,779	14,986,166	745,800	745,800

Aggregate information about the Group's investment in associates that are not individually material are as follows:

	Group	
	2014	2013
	$	$
Profit or loss after tax from continuing operations, representing total comprehensive income	(50,433)	345,560

The summarised financial information in respect of Scotts Spazio Pte. Ltd. and Hong Property Investments Pte Ltd, based on its FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	Scotts Spazio Pte. Ltd.		Hong Property Investments Pte Ltd	
	As at 31 December 2014	As at 31 December 2013	As at 31 December 2014	As at 31 December 2013
	$	$	$	$
Current assets	6,782,962	6,440,855	45,276,982	45,338,836
Non-current assets	39,100,995	44,146,866	16,732	20,656
Total assets	45,883,957	50,587,721	45,293,714	45,359,492
Current liabilities	8,088,133	2,545,997	577,065	3,929,080
Non-current liabilities	21,385,550	34,276,818	25,468,107	22,865,415
Total liabilities	29,473,683	36,822,815	26,045,172	26,794,495
Net assets	16,410,274	13,764,906	19,248,542	18,564,997
Proportion of the Group's ownership	50%	50%	30%	30%
Carrying amount of the investment, representing Group's share of net assets	8,205,137	6,882,453	5,774,563	5,569,499

Notes to the Financial Statements

For the financial year ended 31 December 2014

18. INVESTMENT IN ASSOCIATES *(cont'd)*

Summarised statement of comprehensive income

	Scotts Spazio Pte. Ltd.		Hong Property Investments Pte Ltd	
	As at 31 December 2014 $	As at 31 December 2013 $	As at 31 December 2014 $	As at 31 December 2013 $
Revenue	12,113,379	12,090,526	–	20,875,667
Profit after tax from continuing operations, representing total comprehensive income	2,645,368	2,724,768	593,653	11,448,833

The Group has not recognised losses relating to Capital Willenhall Limited where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was $4,165,000 (2013: $2,956,000) of which $1,209,000 (2013: $627,000) was the share of current year's losses. The Group has no obligation in respect of these losses.

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Amounts due from associates:				
- Loan 1	7,640,432	6,859,625	–	–
- Loan 2	2,000,000	2,000,000	–	–
- Loan 3	1,717,317	1,704,742	–	–
- Allowance for doubtful debts	(1,717,317)	–	–	–
	–	1,704,742	–	–
Total loans	9,640,432	10,564,367	–	–
- Non-trade	4,002,382	4,002,457	–	–
- Allowance for doubtful debts	(2,655,368)	(2,008,854)	–	–
	1,347,014	1,993,603	–	–
	10,987,446	12,557,970	–	–
Amounts due within one year	8,987,446	8,853,228	–	–
Amount due between one and five years	2,000,000	3,704,742	–	–
	10,987,446	12,557,970	–	–
Amounts due to associates:				
Amounts due within one year	(546,031)	(517,415)	(354,173)	(334,991)

Notes to the Financial Statements

For the financial year ended 31 December 2014

18. INVESTMENT IN ASSOCIATES *(cont'd)*

Loan 1 is due from an associate that is related to Hong Leong Investment Holdings Pte. Ltd., a substantial shareholder of the Company. The amount is unsecured, repayable upon demand, bears interest at 2% (2013: 2%) per annum and is to be settled in cash.

Loan 2 is unsecured, bears interest at 5% (2013: 5%) per annum and is not expected to be repaid within the next twelve months.

Loan 3 is unsecured, bears interest at 3.5% (2013: 3.5%) per annum and is not expected to be repaid within the next twelve months.

Other amounts due from/(to) associates are non-trade related, unsecured, non-interest bearing, repayment upon demand and are to be settled in cash.

Movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Balance at 1 January	(2,008,854)	(2,076,705)	–	–
Written off	–	144,593	–	–
Currency realignment	15,141	(76,742)	–	–
Charge for the year	(2,378,972)	–	–	–
Balance at 31 December	(4,372,685)	(2,008,854)	–	–

19. INVESTMENT IN JOINT VENTURES

The Group's investment in joint ventures is summarised below:

	Group	
	2014	**2013**
	$	**$**
Neo Pav E Investments LLP	2,971,817	4,014,655
Neo Bankside Retail LLP	5,170,012	–
	8,141,829	4,014,655

The Group has a 50% (2013: 50%) interest in the ownership and voting rights in two limited liability partnership joint ventures, Neo Pav E Investments LLP and Neo Bankside Retail LLP that are held through a subsidiary. The interest in Neo Bankside Retail LLP was acquired in the current year. The Group jointly controls the ventures with the other partner under the contractual agreement which requires unanimous consent for all major decisions over the relevant activities.

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19. INVESTMENT IN JOINT VENTURES *(cont'd)*

Summarised financial information in respect of Neo Pav E Investments LLP and Neo Bankside Retail LLP based on its FRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	Neo Pav E Investments LLP		**Neo Bankside Retail LLP**	
	As at 31 December 2014 $	**As at 31 December 2013 $**	**As at 31 December 2014 $**	**As at 31 December 2013 $**
Current assets	487,643	2,557,551	874,227	–
Non-current assets	11,994,024	11,852,995	22,141,332	–
Total assets	12,481,667	14,410,546	23,015,559	–
Current liabilities	263,869	218,541	276,902	–
Non-current liabilities	6,014,293	6,162,695	12,140,320	–
Total liabilities	6,278,162	6,381,236	12,417,222	–
Net assets	6,203,505	8,029,310	10,598,337	–
Proportion of the Group's ownership	50%	50%	50%	50%
Group's share of net assets	3,101,753	4,014,655	5,299,169	–
Other adjustments	(129,936)	–	(129,157)	–
Carrying amount of the investment	2,971,817	4,014,655	5,170,012	–

Summarised statement of comprehensive income

Revenue	615,048	74,145	497,250	–
Operating expenses	(424,919)	(90,274)	(460,454)	–
Interest expense	(232,221)	(27,894)	(266,171)	–
Loss before tax, representing total comprehensive income	(42,092)	(44,023)	(229,375)	–

Notes to the Financial Statements

For the financial year ended 31 December 2014

20. INVESTMENT SECURITIES

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Non-current				
Available-for-sale:				
- Quoted non-equity, at fair value	4,038,040	3,571,600	–	–
- Unquoted equity, at fair value	3,890,688	2,805,043	–	–
- Unquoted equity, at cost	7,862,471	8,087,620	–	–
	15,791,199	14,464,263	–	–
Current				
Available-for-sale:				
- Quoted equity, at fair value	37,479,437	37,222,113	–	–

Included in the available-for-sale quoted non-equity investments and unquoted equity investments are amounts of $4,038,040 (2013: $3,571,600) and $3,188,068 (2013: $2,136,060) denominated in Sterling Pound and United States Dollar, respectively.

Unquoted equity investments

Included in unquoted equity investments is an amount of $7,862,471 (2013: $7,862,471) relating to an investment in a Cayman Island exempt limited partnership, which holds a 6-storey prime freehold residential building located on Allen Street, London, United Kingdom.

Impairment losses

During the financial year, the Group recognised impairment loss of $2,084,930 (2013: $1,381,405) for quoted equity investments as there were "significant" or "prolonged" decline in the fair value of these investments below their costs. The Group has treated "significant" generally as 30% and "prolonged" as greater than 12 months.

21. OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Current				
Sundry receivables	406,712	692,514	–	–
Dividend receivable	133,186	132,210	–	–
Interest receivable	35,956	27,656	6,918	–
Deposits receivable	159,303	526,225	–	–
Amounts receivable from joint ventures	384,008	8,355,035	–	–
Amounts due from estate agents	1,660,584	310,049	–	–
	2,779,749	10,043,689	6,918	–
Non-current				
Interest receivable on loan to an associate	201,093	101,093	–	–
Deferred rental receivable	4,165,013	2,924,023	–	–
	4,366,106	3,025,116	–	–
Total other receivables	7,145,855	13,068,805	6,918	–

Notes to the Financial Statements

For the financial year ended 31 December 2014

21. OTHER RECEIVABLES *(cont'd)*

Deposits receivable

The amount pertains to tenants' deposits receivable from agents and is repayable on demand.

Amounts receivable from joint ventures

Included in amounts receivable from joint ventures were amounts of $7,995,045 that were interest-free, repayable on demand and to be settled in cash and were secured by way of legal mortgage over investment properties of these joint ventures in United Kingdom, including the joint venture partner's share of the properties. At 31 December 2013, the carrying amount of these properties was $27,738,155. These amounts were repaid in 2014. The remaining amounts are unsecured, interest-free, repayable on demand and to be settled in cash.

Interest receivable on loan to an associate

The amount relates to interest receivable on a shareholder's loan of $2,000,000 (2013: $2,000,000) given to an associate (Note 18).

Deferred rental receivable

Deferred rental receivable relates to lease income that remains to be amortised over the lease term on a straight line basis. Included in this amount is rental income from an investment property, for which a subsidiary has entered into a 15-year commercial property lease and granted the lessee a 7-month rent free period.

Receivables that are impaired

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

	Group	
	2014	**2013**
	$	**$**
Trade receivables, nominal amounts	485,182	485,182
Allowance for doubtful debts	(485,182)	(485,182)
	–	–
Movement of allowance for doubtful debts:		
At 1 January	485,182	–
Charge for the year	–	485,182
At 31 December	485,182	485,182

At the end of the reporting period, the Group determined an amount of $485,182 (2013: $485,182) to be impaired following an assessment to determine collectability of the debt. This receivable is not secured by any collateral or credit enhancements.

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For the financial year ended 31 December 2014

22. INVENTORIES

	Group 2014 $	Group 2013 $
Raw materials	–	2,098
Finished goods	–	2,017
Total inventories at lower of cost and net realisable value	–	4,115

23. TRADE RECEIVABLES

	Group 2014 $	Group 2013 $
Trade receivables	967,075	271,390
Allowance for doubtful debts	(196,049)	(791)
	771,026	270,599

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to $Nil (2013: $4,741) 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 $	Group 2013 $
Trade receivables past due but not impaired:		
Less than 30 days	–	3,525
More than 30 days	–	1,216
	–	4,741

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For the financial year ended 31 December 2014

23. TRADE RECEIVABLES *(cont'd)*

Receivables that are impaired

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

	Group	
	2014	**2013**
	$	**$**
Trade receivables, nominal amounts	196,049	791
Allowance for doubtful debts	(196,049)	(791)
	–	–
Movement of allowance for doubtful debts:		
At 1 January	791	–
Charge for the year	196,049	791
Written back	(791)	–
At 31 December	196,049	791

At the end of the reporting period, the Group has determined a trade receivable of $196,049 (2013: $791) to be impaired as the debtor has ceased business operations and defaulted on payment. This receivable is not secured by any collateral or credit enhancements.

24. CASH AND BANK BALANCES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Fixed deposits	47,791,850	39,750,872	8,695,651	6,062,851
Cash at bank and on hand	4,364,318	12,773,294	201,845	2,274,412
	52,156,168	52,524,166	8,897,496	8,337,263
Included in above are:				
Fixed deposits pledged for banking facilities	19,000,000	17,340,000	–	–

Fixed deposits are made for varying periods of between one month and three months, depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective fixed deposit rates. The effective interest rates at 31 December 2014 were in the range of 0.17% to 0.95% (2013: 0.05% to 0.35%) per annum.

Notes to the Financial Statements

For the financial year ended 31 December 2014

25. PROPERTIES CLASSIFIED AS HELD FOR SALE

On 20 December 2013, an option to purchase 99 Robertson Quay #28-14 Rivergate Singapore 238235 was issued to a buyer at an agreed sale price of $2,210,000.

In 2013, the net book value of the above properties and related fixtures and fittings had been reclassified to properties held for sale. The option was exercised by the buyer on 3 January 2014 and the sale was completed in February 2014.

	Group	
	2014	**2013**
	$	**$**
Property, plant and equipment (Note 15)	–	654
Investment properties (Note 16)	–	1,037,436
Total properties classified as held for sale	–	1,038,090

26. TRADE PAYABLES

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

27. OTHER PAYABLES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Current				
Tenancy deposits	475,774	309,132	–	–
Unclaimed dividends	279,317	260,641	279,317	260,641
Other deposits	–	3,509,537	–	3,321,630
Deferred income	473,875	196,833	–	–
Withholding tax payable	–	119,247	–	–
Rental received in advance	427,667	68,259	–	–
Sundry payables	672,260	892,914	36,354	15,500
	2,328,893	5,356,563	315,671	3,597,771
Non-current				
Tenancy deposits	479,515	746,775	–	–

In 2013, included in other deposits was an amount of $3,321,630 related to a 50% deposit received in relation to the proposed disposal of Phratra (Note 11).

Sundry payables are non-interest bearing and have an average term of 60 days.

Notes to the Financial Statements

For the financial year ended 31 December 2014

27. OTHER PAYABLES *(cont'd)*

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Chinese Renminbi	545,019	526,015	–	–
Malaysia Ringgit	–	2,010,930	–	2,010,930

28. BANK LOANS (SECURED)

	Group	
	2014	**2013**
	$	**$**
Current		
- Short-term Singapore Dollar bank loan	2,900,000	1,100,000
- Short-term Sterling Pound bank loans	28,358,783	27,890,129
Total bank loans	31,258,783	28,990,129

Short-term Singapore Dollar bank loan comprises:

(a) A revolving Singapore Dollar loan of $2,900,000 (2013: $1,100,000) granted to a subsidiary. The loan is secured by an existing corporate guarantee of $4,000,000 (2013: $4,000,000) from another subsidiary and bears interests at swap rate plus 1.375% (2013: 1.375%) per annum.

Short-term Sterling Pound bank loans comprise:

(a) A revolving Sterling Pound loan of $8,150,203 (2013: $8,090,521) granted to a subsidiary. The loan is secured by a legal charge of $4,000,000 over the subsidiary's fixed deposits and bears interest at swap rate plus 1.8% per annum.

(b) A revolving Sterling Pound loan of $10,310,500 (2013: $Nil) granted by the same bank to the same subsidiary. The loan is secured by a legal charge over the subsidiary's investment property and assignment of tenancy agreement in respect of the property. The loan bears interest at swap rate plus 1.4% per annum.

(c) A revolving Sterling Pound loan of $9,898,080 (2013: $19,799,608) granted by another bank to a subsidiary. The loan is secured by a corporate guarantee (2013: $6,660,000) from the holding company and a legal charge of $15,000,000 (2013: $13,340,000) over the subsidiary's fixed deposits. The loan bears interest at swap rate plus 1.1% (2013: 1.1% to 1.7%) per annum.

Under the terms and conditions of the respective loans, these subsidiaries are prohibited from lifting the fixed deposits or subjecting it to further charges without furnishing a replacement security of similar value.

Notes to the Financial Statements

For the financial year ended 31 December 2014

29. DEFERRED TAX LIABILITIES

Group	Group: Consolidated balance sheet 2014 $	Consolidated balance sheet 2013 $	Consolidated income statement 2014 $	Consolidated income statement 2013 $
Deferred tax asset				
Unutilised tax losses	–	114,705	114,705	(114,705)
Deferred tax liabilities				
Revaluations to fair value of available-for-sale financial assets	(1,688,281)	(1,690,942)	–	–
Differences in depreciation and capital allowances	(1,396,329)	(1,321,088)	75,241	107,447
Accrued interest income	(1,642,138)	(1,735,587)	(93,448)	169,462
Deferred rental receivable	–	(497,083)	(497,083)	497,083
	(4,726,748)	(5,244,700)		
Net deferred tax liabilities	(4,726,748)	(5,129,995)		
Deferred tax expense			(400,585)	659,287

Unrecognised tax losses

As the end of the reporting period, the Group has tax losses of approximately $12,425,000 (2013: $13,199,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Tax consequences of proposed dividends

There are no income tax consequences (2013: $Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 30).

Notes to the Financial Statements

For the financial year ended 31 December 2014

30. DIVIDENDS

	Group 2014 $	Group 2013 $
In respect of financial year ended 31 December 2012:		
- Final exempt (one-tier) dividend of 1.00 cents per share	–	6,535,040
In respect of financial year ended 31 December 2013:		
- Final exempt (one-tier) dividend of 1.00 cent per share	6,535,040	–
	6,535,040	6,535,040

The directors of the Company have recommended a final tax exempt ordinary dividend of 1 cent per share and a tax exempt special dividend of 0.15 cent per share, totaling about $7,515,296, to be paid in respect of the financial year ended 31 December 2014, subject to shareholders' approval at the annual general meeting of the Company.

31. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions are entered into by the Group and the Company with related parties at terms agreed between the parties:

	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
Income statement				
Management fees paid and payable to a subsidiary	–	–	127,698	125,310
Interest income from an associate which is a related company of a substantial shareholder	(150,808)	(240,754)	–	–
Interest income from a convertible debt instrument issued by a director-related company	–	(273,793)	–	–
Professional fee for services rendered by a firm and an associated firm related to a director	55,292	102,774	48,000	94,774
Purchase consideration received from a director for the purchase of a 40% interest in a subsidiary	2,621,400	–	–	–
Purchase consideration received from an associate of a director for the acquisition of a 60% interest in a subsidiary	3,887,220	–	–	–
Balance sheet				
Deposit received from a director and an associate of the director for the proposed disposal of a subsidiary (Note 11, 27)	–	(3,321,630)	–	–

Notes to the Financial Statements

For the financial year ended 31 December 2014

32. COMMITMENT AND CONTINGENCIES

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
(a) Contingent liabilities				
Financial guarantees given to financial institutions in connection with facilities given to its joint ventures and subsidiaries	9,403,176	3,193,320	30,000,000	21,660,000
Property tax payable	431,143	–	–	–

The fair value of the financial guarantees provided for its joint ventures and subsidiaries is not expected to be material as a portion of the loans and borrowings are collateralised against the joint ventures' investment properties and a subsidiary's fixed deposits. Further, the probability of the joint ventures and the subsidiaries defaulting on the credit lines is remote. Accordingly, the financial guarantees have not been recognised.

The Group has received assessment notices on 20 and 30 December 2014 from Comptroller of Property Tax ("CPT") relating to the property tax payable for a commercial building in Singapore. In the notices, the CPT has revised the annual value to include installation and fitting out works carried out by a single tenant for its business activities as a data centre provider. A letter was submitted by the Group to the CPT on 16 January 2015, objecting to the assessed property tax and the revised annual value, on the basis that the fitting out works did not increase the gross rental of the leased premises. Moreover, it included network and data equipment installed in the leased premises, which should not be taken into consideration in evaluating the annual value of the leased property. Accordingly, no provision for liability arising from the increase in annual value has been made in these financial statements.

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
(b) Capital commitments				
Investment property	–	755,343	–	–
Unquoted investment securities	7,542,537	9,121,646	–	–

Notes to the Financial Statements

For the financial year ended 31 December 2014

32. COMMITMENT AND CONTINGENCIES *(cont'd)*

(c) Contingent asset

In April 2013, one of the Group's joint ventures (the "JV") granted a 125 year lease on the site of the former post office building in Fitzalan Square, Sheffield, United Kingdom (the "Site") as part of the redevelopment of the Site.

Concurrently, the lessee of the Site, the JV and the development manager of the site ("DM") have entered into agreements for the redevelopment of the Site ("Agreements") and the Group opined that the Agreements were integral to the 125 year lease as the lease would not have been granted had the Agreements not been put in place.

Pursuant to the Agreements, the funds required for the redevelopment of the Site is to be provided by the lessee and the JV will be entitled to up to GBP2.16 million in the event the Site is refinanced or disposed of in the future following its redevelopment.

Given the uncertainty in relation to (i) the future value of the Site post-development; (ii) the refinancing terms achievable post-completion; and (iii) the possible sale of the redeveloped Site post-completion, the directors believe that it is not virtually certain that a profit will be realised. Hence, no contingent asset is recognised at the end of the reporting period in 2013 and 2014.

(d) Operating lease commitments - As lessor

The Group has entered into residential and commercial property leases on its investment property portfolio. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 14 years (2013: 1 and 15 years). All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum lease payments receivable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2014	**2013**
	$	**$**
Within one year	7,443,236	5,250,634
Between one year and five years	18,796,064	18,086,794
Later than 5 years	44,256,169	47,780,165
	70,495,469	71,117,593

Notes to the Financial Statements

For the financial year ended 31 December 2014

33. DIRECTORS' REMUNERATION

The number of directors of the Company whose emoluments fall within the following bands is as follows:

	2014	2013
$500,000 to $749,999	1	1
Below $250,000	7	8
	8	9

Remuneration of an alternate director who resigned on 20 April 2013 is included in the "below $250,000" band in 2013.

34. GROUP SEGMENTAL INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Management has determined the operating segments based on the reports reviewed by the chief operating decision maker to make decisions about allocation of resources and assessment of performance.

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic units offer different products and services and are managed separately because they require different strategies.

The following summary describes the operations in each of the Group's reportable segments:

- Rental: rental of residential, commercial properties and warehouse
- Investments: investment holding (other than the Company's investment in subsidiaries)
- Corporate and others: packing and trading of edible oils as well as the Company's investment holding of subsidiaries

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. All assets and liabilities are allocated to reportable segments.

For purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors performance based on segment profit before income tax. Segment profit is measured as management believes information is useful in evaluating the results of certain segments relative to other entities that operate within these industries. The segment transactions are determined on an arm's length basis.

There are no asymmetrical allocations to reportable segments. Transfer prices between operating segments are on an arms' length basis in a manner similar to transactions with third parties.

Unallocated items such as cash at bank, bank loans, provision for tax, deferred taxation, group financing (including finance costs), income tax and certain foreign exchange differences are managed on a group basis and are not allocated to operating segments.

Notes to the Financial Statements

For the financial year ended 31 December 2014

34. GROUP SEGMENTAL INFORMATION *(cont'd)*

	Rental		Investments		Corporate and others	
	2014	2013	2014	2013	2014	2013
	$	$	$	$	$	$
Revenue						
- External	7,243,403	9,045,481	13,157,351	19,141,838	10,224	411,072
- Inter-segment	–	–	3,800,000	3,000,000	4,852,435	100,584
Total revenue	7,243,403	9,045,481	16,957,351	22,141,838	4,862,659	511,656
Results:						
Interest income (in other income)	2,613	1,591	28,485	368,839	108,447	42,743
Depreciation of property, plant and equipment and investment properties	(2,014,192)	(2,067,986)	(53,874)	(51,402)	(132,695)	(129,687)
Gain on disposal of subsidiaries and a related joint venture	–	483,059	–	–	–	–
Gain on disposal of investment securities (non-current)	–	–	–	64,810	–	–
Gain on disposal of investment properties	18,415,463	3,278,059	–	–	–	–
Gain on disposal of property, plant and equipment	–	25,087	–	10,752	20,892	–
Impairment loss on other receivables	–	(485,182)	–	–	–	–
Impairment loss on trade receivables	(196,049)	–	–	–	–	–
Impairment loss on amounts due from an associate	(2,378,972)	–	–	–	–	–
Impairment loss on unquoted equity investment (non-current)	–	–	(20,049)	–	–	–
Impairment loss on quoted equity investment (current)	–	–	(2,084,930)	(1,381,405)	–	–
Impairment loss on investment properties	(4,314,494)	–	–	–	–	–

Notes to the Financial Statements

For the financial year ended 31 December 2014

Discontinued operation			Adjustments and eliminations		Per consolidated financial statements	
2014	2013		2014	2013	2014	2013
$	$		$	$	$	$
–	15,755	A	–	(15,755)	20,410,978	28,598,391
–	–	B	(8,652,435)	(3,100,584)	–	–
–	15,755		(8,652,435)	(3,116,339)	20,410,978	28,598,391
–	1,171	A	–	(1,171)	139,545	413,173
–	–		–	–	(2,200,761)	(2,249,075)
–	–		–	–	–	483,059
–	–		–	–	–	64,810
–	–		–	–	18,415,463	3,278,059
–	–		–	–	20,892	35,839
–	–		–	–	–	(485,182)
–	–		–	–	(196,049)	–
–	–		–	–	(2,378,972)	–
–	–		–	–	(20,049)	–
	–		–	–	(2,084,930)	(1,381,405)
–	–		–	–	(4,314,494)	–

Notes to the Financial Statements

For the financial year ended 31 December 2014

34. GROUP SEGMENTAL INFORMATION *(cont'd)*

	Rental		Investments		Corporate and others	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**	**$**	**$**
Results: *(cont'd)*						
Impairment loss on property, plant and equipment	–	(215,082)	–	–		–
Reversal of impairment loss on investment properties	–	–	–	–	–	–
Share of results of associates and joint ventures	–	–	1,433,730	5,242,484		–
Segment profit/(loss)	12,528,474	4,764,202	2,116,698	6,890,216	(1,885,643)	(1,977,783)
Assets						
Investment in joint ventures	–	–	8,141,829	4,014,655	–	–
Investment in associates	–	–	16,520,779	14,986,166	–	–
Additions to non-current assets	39,567,221	3,516,041	252	71,084	2,500	68,092
Segment assets	117,440,583	104,514,767	168,586,419	137,512,523	176,944,364	181,425,578
Segment liabilities	62,087,292	55,865,698	1,957,909	1,585,544	3,029,056	6,069,374

Notes to the Financial Statements

For the financial year ended 31 December 2014

Discontinued operation 2014 $	Discontinued operation 2013 $		Adjustments and eliminations 2014 $	Adjustments and eliminations 2013 $	Per consolidated financial statements 2014 $	Per consolidated financial statements 2013 $
–	–		–	–	–	(215,082)
–	99,324	A	–	(99,324)	–	–
–	–			–	1,433,730	5,242,484
(70,674)	(169,556)	C	(198,574)	500,809	12,490,281	10,007,888
–	–		–	–	8,141,829	4,014,655
–	–		–	–	16,520,779	14,986,166
–	–	D	–	–	39,569,973	3,655,217
–	3,177,080	E	(207,982,365)	(179,847,577)	254,989,001	246,782,371
–	40,039	F	(22,572,584)	(18,715,357)	44,501,673	44,845,298

Notes to the Financial Statements

For the financial year ended 31 December 2014

34. GROUP SEGMENTAL INFORMATION *(cont'd)*

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A. Amounts relating to Phratra have been excluded on consolidation as they are presented separately in the income statement within one line item, 'loss from discontinued operation, net of taxation'.

B. Inter-segment revenues are eliminated on consolidation.

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

	2014 $	2013 $
Segment results of discontinued operation	70,674	169,556
Finance costs	(518,663)	(311,132)
Unallocated expenses	249,415	642,385
	(198,574)	500,809

D. Additions to non-current assets consist of additions to property, plant and equipment and investment properties.

E. The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated balance sheet:

	2014 $	2013 $
Cash and bank balances	52,156,168	52,524,166
Inter-segment assets	(260,138,533)	(232,371,743)
	(207,982,365)	(179,847,577)

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

	2014 $	2013 $
Bank loans	31,258,783	28,990,129
Income tax payable	2,108,489	1,846,440
Deferred tax liabilities	4,726,748	5,129,995
Inter-segment liabilities	(60,666,604)	(54,681,921)
	(22,572,584)	(18,715,357)

Notes to the Financial Statements

For the financial year ended 31 December 2014

34. GROUP SEGMENTAL INFORMATION *(cont'd)*

Geographical information

	Revenue		***Non-current assets***	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Singapore	18,194,421	23,988,874	96,603,958	90,359,288
United Kingdom	2,216,557	4,609,517	55,964,553	42,994,422
Others	–	15,755	–	–
Discontinued operation	–	(15,755)	–	–
	20,410,978	28,598,391	152,568,511	133,353,710

In presenting information on the basis of geographical segments, segment revenue and assets are based on geographical location of customers and assets respectively.

Information about a major customer

Revenue of $4,368,876 (2013: $3,666,736) was derived from a single external customer. This revenue was derived in Singapore and relates to rental income.

35. MAJOR PROPERTIES OWNED BY THE GROUP

Location	**Company**	**Type/Usage**	**Area**
Property, plant and equipment			
Leasehold land and building			
38 South Bridge Road Singapore 058672	Paco Industries Pte. Ltd.	Lot 160 – 99 years lease from 1941. Lot 164 – 99 years lease from 1947. Office.	Lot 160 - land area of about 121 square metres. Lot 164 - land area of about 123 square metres. Gross floor area of about 1,022 square metres (10,989 sq feet)
Freehold office property			
400 Orchard Road #11-09/10 Orchard Towers Singapore 238875	Singapore Warehouse Company (Private) Ltd.	Freehold. Office	Gross floor area of about 157 square metres (1,690 square feet)

Notes to the Financial Statements

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35. MAJOR PROPERTIES OWNED BY THE GROUP *(cont'd)*

Location	Company	Type/Usage	Area
Investment properties			
Held by the Group			
93,95,97,99 Robertson Quay Singapore 239825/6/7/8	Global Trade Investment Management Pte Ltd	7 units of freehold residential apartments and 4 units of commercial shops.	Gross floor area of 1,404.2 square metres (15,114 square feet)
110 Paya Lebar Road Singapore Warehouse Singapore 409009	Singapore Warehouse Company (Private) Ltd.	Freehold. Factory, warehouse, ancillary office and showroom.	Land area of about 5,480 square metres. Gross floor area of about 14,612 square metres (157,109 square feet)
58 Queensgate London SW7 United Kingdom	Thackeray Properties Limited	Freehold. 6 units of residential apartments.	Gross floor area of 525.5 square metres (5,650 square feet)
115B Queensgate London SW7 United Kingdom	Thackeray Properties Limited	Freehold. 2 units of residential apartments.	Gross floor area of 177.5 square metres (1,911 square feet)
15/17 Hornton Street London W8 United Kingdom	Pumbledon Limited	Freehold. 11 units of residential apartments.	Gross floor area of 755 square metres (8,120 square feet)
82% interest in 23 New Mount Street Manchester United Kingdom	Vantagepro Investment Limited	Freehold. Office building.	Floor area of 3,248.11 square metres (34,963 square feet)
70% interest in Eagle House, Procter Street, Holborn London WC1 6NX United Kingdom	Vantagepro Investment Limited	Freehold. Office building.	Floor area of 2,836.58 square metres (30,533 square feet)

Notes to the Financial Statements

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35. MAJOR PROPERTIES OWNED BY THE GROUP *(cont'd)*

Location	Company	Type/Usage	Area
Investment properties *(cont'd)*			
Held by the Group *(cont'd)*			
60% interest in 7 Water Street Liverpool L2 8TD United Kingdom	Vantagepro Investment Limited	Freehold. Office building.	Floor area of 2,092.36 square metres (22,522 square feet)
50% interest in Head Post Office Fitzalan Square, Sheffield S1 2AB United Kingdom	Vantagepro Investment Limited	Freehold. Office building.	Floor area of 6843.36 square metres (73,662 square feet)
Held by joint ventures			
Block E Bankside 4, London SE1 9RE United Kingdom	Neo Pav E Investments LLP	Leasehold. Office building.	Gross floor area of 678.2 square metres (7,300 square feet)
Block A, B, C and D, Retail units located at Bankside 4, London SE1 0SW United Kingdom	Neo Bankside Retail LLP	Leasehold. Retail units.	Gross floor area of 1,337.70 square metres (14,399 square feet)
Held by associates			
304 Orchard Road #05-00 Lucky Plaza Singapore 238863	Hong Property Investments Pte Ltd	Freehold. Commercial.	Gross floor area of 3,062 square metres (32,959 square feet)
400 Orchard Road #20-05/05A/06 Orchard Towers Singapore 238875	Hong Property Investments Pte Ltd	Freehold. Commercial.	Gross floor area of 330.92 square metres (3,562 square feet)
West Midlands House Gipsy Lane Willenhall West Midlands	Capital Willenhall Limited	Freehold. Office building.	Gross floor area of 2,532 square metres (27,228 square feet)
51 Scotts Road	Scotts Spazio Pte. Ltd.	Leasehold. 15 years from 15 August 2007. 4-storey office block.	Land area of 1.04 hectares. Maximum permissible gross floor area of 15,666 sq metres (168,628 sq feet)

Notes to the Financial Statements

For the financial year ended 31 December 2014

36. FAIR VALUES OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

(i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
(ii) 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
(iii) Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group			
	Fair value measurements at the end of the 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
	$	$	$	$
2014				
Recurring fair value measurements				
Assets:				
Financial assets:				
Available-for-sale financial assets				
- Quoted equity investments (current)	37,479,437	–	–	37,479,437
- Quoted non-equity investments (non-current)	4,038,040	–	–	4,038,040
- Unquoted equity investments, at fair value (non-current)	–	422,669	3,468,019	3,890,688
	41,517,477	422,669	3,468,019	45,408,165

Notes to the Financial Statements

For the financial year ended 31 December 2014

36. FAIR VALUES OF ASSETS AND LIABILITIES *(cont'd)*

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

	Group			
	Fair value measurements at the end of the 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
	$	$	$	$
2013				
Recurring fair value measurements				
Assets:				
Financial assets:				
Available-for-sale financial assets				
- Quoted equity investments (current)	37,222,113	–	–	37,222,113
- Quoted non-equity investments (non-current)	3,571,600	–	–	3,571,600
- Unquoted equity investments, at fair value (non-current)	–	1,206,687	1,598,356	2,805,043
	40,793,713	1,206,687	1,598,356	43,598,756
Non-recurring fair value measurements				
Disposal group classified as held for sale*	–	3,177,081	–	3,177,081

* Disposal group classified as held for sale with a carrying amount of $3,377,081 were written down to their fair value less cost to sell of $3,177,081, resulting in a net loss of $200,000, which was included in the profit or loss in 2013 (Note 11).

(c) Level 2 fair value measurement

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Unquoted equity investment (non-current)

The investments relate to funds which invest primarily in equities that are publicly traded and listed in recognised stock exchanges. Fair values have been determined based on investor statements issued by the fund managers.

Notes to the Financial Statements

For the financial year ended 31 December 2014

36. FAIR VALUES OF ASSETS AND LIABILITIES *(cont'd)*

(d) Level 3 fair value measurements

Information about significant unobservable inputs used in the Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at 31 December 2014 $	Valuation techniques	Unobservable inputs
Recurring fair value measurements			
Available-for-sale financial assets			
- Unquoted equity investments, at fair value (non-current)	3,468,019	Quote from fund manager	Not applicable

Description	Fair value at 31 December 2013 $	Valuation techniques	Unobservable inputs
Recurring fair value measurements			
Available-for-sale financial assets			
- Unquoted equity investments, at fair value (non-current)	1,598,356	Quote from fund manager	Not applicable

The investments relate to funds which invest primarily in unquoted assets. Fair values have been determined based on investor statements issued by the fund managers.

Movements in level 3 assets and liabilities measured at fair value

	Group 2014 $	Group 2013 $
Fair value measurements using significant unobservable inputs (Level 3)		
Available-for-sale financial assets:		
Unquoted equity investments (non-current)		
At 1 January	1,598,356	1,282,624
Total losses included in other comprehensive income	(38,572)	(8,975)
Purchased during the year	1,908,235	324,707
At 31 December	3,468,019	1,598,356

Notes to the Financial Statements

For the financial year ended 31 December 2014

36. FAIR VALUES OF ASSETS AND LIABILITIES *(cont'd)*

(e) Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's assets and liabilities not measured at fair value at 31 December 2014 but for which fair value is disclosed:

	Group			
	Fair value measurements at the end of the 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
	$	$	$	$
2014				
Assets				
Non-financial assets:				
Investment properties				
- Commercial	–	9,100,000	133,511,178	142,611,178
- Residential	–	70,115,913	–	70,115,913
	–	79,215,913	133,511,178	212,727,091

	Group			
	Fair value measurements at the end of the 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
	$	$	$	$
2013				
Assets:				
Non-financial assets:				
Investment properties				
- Commercial	–	9,100,000	131,032,226	140,132,226
- Residential	–	69,758,990	–	69,758,990
	–	78,858,990	131,032,226	209,891,216

Notes to the Financial Statements

For the financial year ended 31 December 2014

36. FAIR VALUES OF ASSETS AND LIABILITIES *(cont'd)*

(e) Assets and liabilities not carried at fair value but for which fair value is disclosed *(cont'd)*

Determination of fair value

Commercial investment properties

Valuation for a Singapore property was based on the Income Capitalisation Method, which involves the conversion of the estimated annual net rental income of the property after deducting all necessary outgoings and expenses such as property tax, costs of repairs and maintenance and insurance into a capital sum at a suitable rate of return which reflects the tenure and quality of the investment.

Valuations for the remaining properties are based on comparable market transactions that consider the sale of similar properties that have been transacted in the open market.

Residential investment properties

Valuations are based on comparable market transactions that consider the sale of similar properties that have been transacted in the open market.

(f) 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 fair values of the financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Group			
	2014		2013	
	Carrying value $	Fair value $	Carrying value $	Fair value $
Financial assets:				
Unquoted equity, at cost	7,862,471	*	8,087,620	*
Amounts due from associates	2,000,000	#	3,704,742	#
Interest receivable on loan to an associate (Note 21)	201,093	#	101,093	#

* Unquoted equity, at cost

Fair value information has not been disclosed for the Group's investments in unquoted equity securities carried at cost because fair value cannot be measured reliably. These investments are not quoted in any market and do not have any comparable industry peers that are listed.

Amounts due from associates (non-current)

It is not practical to estimate the fair value of the non-current amounts due from associates and interest receivable on loan to an associate as the amounts are not repayable within a year and there are no fixed repayment terms. Hence, the timing of future cash flows cannot be estimated reliably.

Notes to the Financial Statements

For the financial year ended 31 December 2014

36. FAIR VALUES OF ASSETS AND LIABILITIES *(cont'd)*

(g) Carrying amounts of financial instruments by categories

The table below is an analysis of the carrying amounts of financial instruments by categories as at 31 December:

	Note	Group	
		2014	2013
		$	$
Loans and receivables			
Other receivables (exclude deferred rental receivable)	21	2,980,842	10,144,782
Trade receivables	23	771,026	270,599
Amounts due from associates	18	10,987,446	12,557,970
Cash and bank balances	24	52,156,168	52,524,166
		66,895,482	75,497,517
Available-for-sale financial assets			
Quoted equity, at fair value	20	37,479,437	37,222,113
Quoted non-equity, at fair value	20	4,038,040	3,571,600
Unquoted equity, at fair value	20	3,890,688	2,805,043
Unquoted equity, at cost	20	7,862,471	8,087,620
		53,270,636	51,686,376
Financial liabilities measured at amortised cost			
Trade payables	26	577,681	585,225
Other payables	27	1,906,866	5,718,999
Accrued operating expenses		2,475,533	1,632,717
Amounts due to associates	18	546,031	517,415
Bank loans (secured)	28	31,258,783	28,990,129
		36,764,894	37,444,485

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include equity price risk, interest rate risk, liquidity risk, credit risk and foreign currency risk. The directors review and agree policies and procedures for the management of these risks. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit and Risk Committee provides independent oversight to the effectiveness of the risk management policies, procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2014

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

(a) Equity price risk

Equity 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 securities. These securities are quoted on stock exchanges in Singapore, Korea and London. The Group's objective is to manage investment returns and equity price risk using a mix of investment grade shares with steady dividend yield and non-investment grade shares with higher volatility. To manage its price risk arising from investments in quoted equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The table below demonstrates the sensitivity to a reasonably possible change in equity price risk with all other variables held constant, of the Group's profit before tax and the Group's fair value reserve:

	Group		
	Percentage point change in assumption	Effect on profit before tax $'000	Effect on fair value reserve $'000
2014			
- Straits times Index	+10%	–	1,429
	-10%	(616)	(813)
- Korea Composite Stock Price Index	+10%	–	470
	-10%	(72)	(398)
- London Stock Exchange	+10%	–	404
	-10%	–	(404)

	Group		
	Percentage point change in assumption	Effect on profit before tax $'000	Effect on fair value reserve $'000
2013			
- Straits times Index	+10%	–	2,048
	-10%	(105)	(1,943)
- Korea Composite Stock Price Index	+10%	–	531
	-10%	(58)	(473)
- London Stock Exchange	+10%	–	357
	-10%	–	(357)

Notes to the Financial Statements

For the financial year ended 31 December 2014

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

(b) Interest rate risk

Interest rate 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 interest rates. The Group's exposure to interest rate risk arises primarily from its placements in fixed deposits, investments in quoted, unquoted bonds and floating rate notes and debt obligations with financial institutions. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. The Group uses a combination of fixed and floating rates facilities to allow the Group to benefit from the relative lower interest rate in short term loans and mitigate sudden hike in interest rates.

At the end of the reporting period, if interest rates had been 50 (2013: 50) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $157,000 (2013: $144,000) lower/higher.

(c) 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 ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions if any, without incurring unacceptable losses or risking damage to the Group's reputation. This is achieved through monitoring the cash flow requirements closely and optimising its cash return on investments. In addition, the Group also maintains the availability of stand-by credit facilities.

Surplus funds are placed with reputable banks and/or financial institutions.

Notes to the Financial Statements

For the financial year ended 31 December 2014

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

(c) Liquidity risk *(cont'd)*

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

Group **2014**	**1 year or less** **$**	**2 to 5 years** **$**	**After 5 years** **$**	**Total** **$**
Financial assets				
Amounts due from associates	8,987,446	2,000,000	–	10,987,446
Investment securities	37,479,437	12,991,728	2,799,471	53,270,636
Trade and other receivables	3,550,775	701,093	–	4,251,868
Cash and bank balances	52,156,168	–	–	52,156,168
Total undiscounted financial assets	102,173,826	15,692,821	2,799,471	120,666,118
Financial liabilities				
Trade and other payables	2,005,032	479,515	–	2,484,547
Accrued operating expenses	2,475,533	–	–	2,475,533
Amounts due to associates	546,031	–	–	546,031
Bank loans	32,087,751	–	–	32,087,751
Total undiscounted financial liabilities	37,114,347	479,515	–	37,593,862
Total net undiscounted financial assets	65,059,479	15,213,306	2,799,471	83,072,256

Group **2013**	**1 year or less** **$**	**2 to 5 years** **$**	**After 5 years** **$**	**Total** **$**
Financial assets				
Amounts due from associates	8,853,228	2,000,000	1,704,742	12,557,970
Investment securities	37,222,113	5,419,376	9,044,887	51,686,376
Trade and other receivables	10,314,288	–	601,093	10,915,381
Cash and bank balances	52,524,166	–	–	52,524,166
Total undiscounted financial assets	108,913,795	7,419,376	11,350,722	127,683,893
Financial liabilities				
Trade and other payables	5,557,449	746,775	–	6,304,224
Accrued operating expenses	1,632,717	–	–	1,632,717
Amounts due to associates	517,415	–	–	517,415
Bank loans	29,740,338	–	–	29,740,338
Total undiscounted financial liabilities	37,447,919	746,775	–	38,194,694
Total net undiscounted financial assets	71,465,876	6,672,601	11,350,722	89,489,199

Notes to the Financial Statements

For the financial year ended 31 December 2014

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

(c) Liquidity risk *(cont'd)*

Company **2014**	**1 year or less** **$**	**2 to 5 years** **$**	**Total** **$**
Financial assets			
Amount due from a subsidiary	200,000	–	200,000
Other receivables	6,918	–	6,918
Cash and bank balances	8,897,496	–	8,897,496
Total undiscounted financial assets	9,104,414	–	9,104,414
Financial liabilities			
Trade and other payables	315,671	–	315,671
Amounts due to associates	354,173	–	354,173
Accrued operating expenses	167,720	–	167,720
Total undiscounted financial liabilities	837,564	–	837,564
Total net undiscounted financial assets	8,266,850	–	8,266,850

Company **2013**	**1 year or less** **$**	**2 to 5 years** **$**	**Total** **$**
Financial assets			
Cash and bank balances	8,337,263	–	8,337,263
Total undiscounted financial assets	8,337,263	–	8,337,263
Financial liabilities			
Trade and other payables	3,597,771	–	3,597,771
Amounts due to associates	334,991	–	334,991
Accrued operating expenses	171,694	–	171,694
Total undiscounted financial liabilities	4,104,456	–	4,104,456
Total net undiscounted financial assets	4,232,807	–	4,232,807

Notes to the Financial Statements

For the financial year ended 31 December 2014

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

(c) Liquidity risk *(cont'd)*

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

Group	1 year or less $	2 to 5 years $	Total $
2014			
Financial guarantees provided to joint ventures	–	9,403,176	9,403,176
2013			
Financial guarantees provided to joint ventures	–	3,193,320	3,193,320
Company			
2014			
Financial guarantees provided to subsidiaries	30,000,000	–	30,000,000
2013			
Financial guarantees provided to subsidiaries	21,660,000	–	21,660,000

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises mainly from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

At the end of the reporting period, the carrying amount of trade and other receivables and cash and bank balances represent the Group's and the Company' maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

At the end of the reporting period, there was no significant concentration of credit risks.

<u>Financial assets that are neither past due nor impaired</u>

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

<u>Financial assets that are either past due or impaired</u>

Information regarding financial assets that are either past due or impaired is disclosed in Note 21 (Other receivables) and Note 23 (Trade receivables).

Notes to the Financial Statements

For the financial year ended 31 December 2014

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

(e) Foreign currency risk

Currency risk arises when transactions are denominated in currencies other than the functional currencies of the respective entities. In addition, the Group is exposed to currency translation gains/losses as a result of translating its overseas assets and liabilities held through its subsidiaries. Such translation gains/losses are unrealised in nature and do not impact current year profits unless the underlying assets or liabilities of the subsidiary are disposed of.

The Group does not generally use derivative foreign exchange contracts in managing its foreign currency risk arising from cash flows from anticipated transactions denominated in foreign currencies, primarily the Sterling Pound and Korean Won. Wherever possible, the Group manages its currency risks by financing its purchases using bank borrowings denominated in the currency of the country in which the asset is situated. Foreign currencies received are kept in foreign currencies accounts and are converted to the respective functional currency of the Group companies on a need-to basis so as to minimise foreign exchange exposure.

Sensitivity analysis for foreign currency risk

Entities in the Group regularly transact in currencies other than their respective functional currencies, such as Singapore Dollar, United States Dollar, Australian Dollar and Sterling Pound. The following table demonstrates the sensitivity to a reasonably possible change in the Singapore Dollar, United States Dollar, Australian Dollar, Sterling Pound and Korean Won, against the respective functional currencies of the Group's entities with all other variables held constant, on the Group's profit before tax and fair value reserve:

	Group			
	2014		2013	
	Profit before tax $'000	Fair value reserve $'000	Profit before tax $'000	Fair value reserve $'000
United States Dollar/Singapore Dollar				
- strengthened 10% (2013: 10%)	(15)	140	8	90
- weakened 10% (2013: 10%)	15	(140)	(8)	(90)
Australian Dollar/Singapore Dollar				
- strengthened 10% (2013: 10%)	–	–	–	4
- weakened 10% (2013: 10%)	–	–	–	(4)
Sterling Pound/Singapore Dollar				
- strengthened 10% (2013: 10%)	(7,681)	214	993	189
- weakened 10% (2013: 10%)	7,681	(214)	(993)	(189)
United States Dollar/Sterling Pound				
- strengthened 10% (2013: 10%)	–	140	–	89
- weakened 10% (2013: 10%)	–	(140)	–	(89)
Korean Won/Singapore Dollar				
- strengthened 10% (2013: 10%)	–	470	–	531
- weakened 10% (2013: 10%)	(72)	(398)	(58)	(473)

Notes to the Financial Statements

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38. CAPITAL MANAGEMENT

Capital includes equity attributable to owners of the Company.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings. The Company may also purchase its own shares on the market; subject to the terms of the share purchase mandate as approved by the shareholders. Share purchase allows the Company greater flexibility over its share capital structure with a view to improving, *inter alia*, its return on equity. Share purchase in lieu of issuing new shares would also mitigate the dilution impact on existing shareholders. No share purchase was made during the years ended 31 December 2014 and 2013.

No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 2013.

The Group monitors capital based on gearing ratio which is total liabilities divided by total equity. At 31 December 2014, total liabilities and total equity are $44,501,673 and $210,487,328 respectively. The Group also monitors dividends paid to shareholders. The Group seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. At 31 December 2014, the Group's gearing ratio was 0.21 (2013: 0.22).

39. 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 6 March 2015.

Shareholding Statistics

As at 12 March 2015

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	32	0.52	744	0.00
100 - 1,000	227	3.71	160,056	0.02
1,001 - 10,000	2,766	45.15	18,863,463	2.89
10,001 - 1,000,000	3,061	49.97	151,450,275	23.18
1,000,001 and above	40	0.65	483,029,462	73.91
Total	6,126	100.00	653,504,000	100.00

TWENTY LARGEST SHAREHOLDERS

	Name	No. of Shares	%
1.	Ely Investments Pte Ltd	68,214,395	10.44
2.	Ong Eng Loke	36,090,858	5.52
3.	Ong Kay Eng	35,000,000	5.36
4.	City Developments Realty Limited	33,355,000	5.10
5.	Astute Investments Holdings Pte. Ltd.	31,328,552	4.79
6.	Fica (Pte) Ltd	30,385,000	4.65
7.	Tudor Court Gallery Pte Ltd	29,940,000	4.58
8.	Hong Leong Enterprises Pte Ltd	29,544,000	4.52
9.	BNP Paribas Nominees Singapore Pte Ltd	22,956,753	3.51
10.	Welkin Investments Pte Ltd	21,296,000	3.26
11.	Maybank Nominees (Singapore) Private Limited	17,021,000	2.60
12.	Ong Eng Hui David (Wang Ronghui David)	12,500,234	1.91
13.	United Overseas Bank Nominees (Private) Limited	10,518,000	1.61
14.	DBS Nominees (Private) Limited	10,060,500	1.54
15.	Starich Investments Pte. Ltd.	9,359,000	1.43
16.	Ong Hian Eng	8,899,623	1.36
17.	HSBC (Singapore) Nominees Pte Ltd	7,562,448	1.16
18.	Ong Mui Eng	6,958,416	1.06
19.	Citibank Nominees Singapore Pte Ltd	6,827,500	1.04
20.	Ong Hoo Eng or Peter Sim Swee Yam	6,486,400	0.99
	Total	434,303,679	66.43

PERCENTAGE OF PUBLIC FLOAT

Based on information available to the Company as at 12 March 2015, approximately 34.90% of the issued ordinary shares of the Company are held by the public and accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

TREASURY SHARES

There are no treasury shares held in the issued capital of the Company.

Shareholdings Statistics

EXTRACT FROM REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Direct Interest	Deemed Interest	Aggregate	%
Ong Choo Eng	753,000	68,214,395	68,967,395	10.553
Ong Hian Eng	9,898,463	32,385,000	42,283,463	6.470
Ong Kwee Eng	2,809,812	32,929,052	35,738,864	5.469
Ong Eng Loke	36,090,858	884,000	36,974,858	5.658
Ong Eng Yaw	25,000	68,214,395	68,239,395	10.442
Ong Bee Leem	151,440	68,214,395	68,365,835	10.461
Ely Investments (Pte) Ltd.	68,214,395	–	68,214,395	10.438
Hong Leong Enterprises Pte. Ltd.	29,648,000	9,409,000	39,057,000	5.977
City Developments Realty Limited	33,355,000	–	33,355,000	5.104
City Developments Limited	–	33,355,000	33,355,000	5.104
Hong Leong Investment Holdings Pte. Ltd.	–	123,648,000	123,648,000	18.921
Kwek Holdings Pte Ltd	–	123,648,000	123,648,000	18.921
Davos Investment Holdings Private Limited	–	123,648,000	123,648,000	18.921
Ong Kay Eng	35,000,000	15,000,234	50,000,234	7.651
Ong Hoo Eng	46,994,753	–	46,994,753	7.191

Notes:

1 Ong Choo Eng is deemed under Section 7 of the Act to have an interest in the shares held by Ely Investments (Pte) Ltd. ("Ely Investments"), in which he and/or his associates are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

2 Ong Hian Eng is deemed under Section 7 of the Act to have an interest in the shares held by his spouse and Fica (Pte) Ltd, in which he and/or his associates are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

3 Ong Kwee Eng is deemed under Section 7 of the Act to have an interest in the shares held by his spouse and Astute Investment Holdings Pte. Ltd., in which he and/or his associates are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

4 Ong Eng Loke is deemed under Section 7 of the Act to have an interest in the shares held by OME Investment Holding Pte Ltd, in which he and/or his associates are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

5 Ong Eng Yaw is deemed under Section 7 of the Act to have an interest in the shares held by Ely Investments, in which he and/or his associates are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

6 Ong Bee Leem is deemed under Section 7 of the Act to have an interest in the shares held by Ely Investments, in which she and/or her associates are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

7 The aggregate interest of Hong Leong Enterprises Pte. Ltd. ("HLE") is based on its last notification to the Company on 14 April 2011. HLE is deemed under Section 7 of the Act to have an interest in the shares held by Starich Investments Pte. Ltd., being a company in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

8 The aggregate interest of City Developments Realty Limited ("CDRL") is based on its last notification to the Company on 13 February 2006.

9 The aggregate interest of City Developments Limited ("CDL") is based on its last notification to the Company on 13 February 2006. CDL is deemed under Section 7 of the Act to have an interest in the shares held by its wholly owned subsidiary, CDRL.

10 The aggregate interest of Hong Leong Investment Holdings Pte. Ltd. ("HLIH") is based on its last notification to the Company on 13 April 2011. HLIH is deemed under Section 7 of the Act to have an interest in the shares held by Tudor Court Gallery Pte Ltd, Welkin Investments Pte Ltd and CDRL, and the 39,057,000 shares held directly and indirectly by HLE, being companies in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

11 The aggregate interest of each of Kwek Holdings Pte Ltd ("KH") and Davos Investment Holdings Private Limited ("Davos") is based on their last notification to the Company on 13 April 2011. Each of KH and Davos is deemed under Section 7 of the Act to have an interest in the 123,648,000 shares held directly and indirectly by HLIH, in which each is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.

12 Ong Kay Eng is deemed to have an interest in 2,000,000 shares held by Altrade Investments Pte Ltd, 500,000 shares registered in the name of his spouse, Chen Wah Chi @ Chen Rosy and 12,500,234 shares registered in the name of Ong Eng Hui David.

Notice of Annual General Meeting

HWA HONG CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 195200130C)

NOTICE IS HEREBY GIVEN that the Sixty-Second Annual General Meeting of Hwa Hong Corporation Limited (the "Company") will be held at Novotel Singapore Clarke Quay, Phoenix I, Level 6, 177A River Valley Road, Singapore 179031 on Friday, 24 April 2015 at 10.00 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the audited Financial Statements and the reports of the Directors and Auditors for the financial year ended 31 December 2014. **Resolution 1**

2. To declare a one-tier tax exempt final ordinary dividend of 1 cent per share and a one-tier tax exempt special dividend of 0.15 cents per share in respect of the financial year ended 31 December 2014. **Resolution 2**

3. To approve the payment of fees up to S$333,000 in aggregate to the non-executive Directors of the Company for the financial year ending 31 December 2015 (2014: S$333,000), such fees to be paid on a quarterly basis in arrears at the end of each calendar quarter. **Resolution 3**
   [See Explanatory Note (i)]

4. To re-elect Mr Hans Hugh Miller who is retiring by rotation in accordance with Article 113 of the Articles of Association of the Company. **Resolution 4**
   (Note: Mr Hans Hugh Miller, if re-elected, will remain the Chairman of the Board of Directors, Audit and Risk Committee and Divestment and Investment Committee and a member of the Nominating Committee. He is considered an independent non-executive Director.)

5. To re-elect Ms Ong Wui Leng, Linda who is retiring by rotation in accordance with Article 113 of the Articles of Association of the Company. **Resolution 5**
   (Note: Ms Ong Wui Leng, Linda, if re-elected, will remain the Chairman of the Nominating Committee and a member of Audit and Risk Committee and Divestment and Investment Committee. She is considered an independent non-executive Director.)

6. To consider and, if thought fit, to pass the following resolutions:

   (a) "That Mr Ong Mui Eng be and is hereby re-appointed a Director of the Company." **Resolution 6**
   (Note: Mr Ong Mui Eng is a non-independent executive Director.)

   (b) "That Mr Guan Meng Kuan be and is hereby re-appointed a Director of the Company." **Resolution 7**
   (Note: Mr Guan Meng Kuan, if re-appointed, will remain a member of the Nominating Committee and the Remuneration Committee. He is considered a non-executive and non-independent Director.)

   (c) "That Mr Ong Choo Eng be and is hereby re-appointed a Director of the Company." **Resolution 8**
   (Note: Mr Ong Choo Eng, if re-appointed will remain as Group Managing Director. He is considered a non-independent executive Director.)

7. To re-appoint Messrs Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **Resolution 9**

Notice of Annual General Meeting

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

SPECIAL BUSINESS

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

9. Authority to allot and issue shares up to fifty per cent (50%) of the total number of Issued Shares **Resolution 10**

"That authority be and is hereby given to the Directors of the Company to:

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

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

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

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

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued shares of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (2) below), and provided further that where shareholders of the Company with registered addresses in Singapore are not given the opportunity to participate in the same on a pro rata basis, then the shares to be issued under such circumstances (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent (20%) of the total number of issued shares of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation and adjustments as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of the total number of issued shares excluding treasury shares shall be based on the total number of issued shares of the Company excluding treasury shares at the time this Resolution is passed, after adjusting for:

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

(ii) new shares arising from the exercise of share options or the vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, provided that the options or awards were granted in compliance with the Listing Manual of the SGX-ST; and

Notice of Annual General Meeting

(iii) any subsequent consolidation or subdivision of shares;
and, in relation to an Instrument, the number of shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument; and

(3) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."
[See Explanatory Note (ii)]

10. Authority to allot and issue shares under Hwa Hong Corporation Limited (2001) Share Option Scheme **Resolution 11**

"That pursuant to Section 161 of the Companies Act, Chapter 50, approval be and is hereby given to the Directors or any committee appointed by them to exercise full powers of the Company to offer and grant options over shares in the Company in accordance with the Rules of the Hwa Hong Corporation Limited (2001) Share Option Scheme approved by shareholders of the Company in general meeting on 29 May 2001 and extended for a further period of 10 years from 29 May 2011 to 28 May 2021 and as may be amended from time to time and to allot and issue shares in the Company upon the exercise of any such options (notwithstanding that the exercise thereof or such allotment and issue may occur after the conclusion of the next or any ensuing Annual General Meeting of the Company), and to do all acts and things which they may consider necessary or expedient to carry the same into effect, provided always that the aggregate number of shares to be issued pursuant to the Hwa Hong Corporation Limited (2001) Share Option Scheme shall not exceed five per cent (5%) of the total number of issued shares of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."
[See Explanatory Note (iii)]

11. Authority to issue shares under Hwa Hong Corporation Limited Scrip Dividend Scheme **Resolution 12**

"That pursuant to Section 161 of the Companies Act, Chapter 50, approval be and is hereby given to the Directors of the Company to allot and issue shares in the Company as may be required to be allotted and issued pursuant to the Hwa Hong Corporation Limited Scrip Dividend Scheme approved by shareholders of the Company in general meeting on 7 November 2003, and to do all acts and things which they may consider necessary or expedient to carry the same into effect."
[See Explanatory Note (iv)]

12. Renewal of the Share Purchase Mandate **Resolution 13**

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time (the "Companies Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued and fully paid ordinary shares in the capital of the Company (the "Shares") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

Notice of Annual General Meeting

(i) market purchases (each a "Market Purchase") on the SGX-ST; and/or
(ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate in paragraph (a) of this Resolution may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held; or
(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; or
(iii) the date on which purchases or acquisitions of Shares are carried out to the full extent mandated;

(c) in this Resolution:

"Prescribed Limit" means, subject to the Companies Act, 10% of the total number of issued Shares of the Company (excluding any Shares which are held as treasury shares) as at the date of the passing of this Resolution; and

"Maximum Price", in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and
(ii) in the case of an Off-Market Purchase, 120% of the Highest Last Dealt Price (as defined hereinafter),

where:
"Average Closing Price" means the average of the Closing Market Prices of the Shares over the last five Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase, or as the case may be, the date of the making of the offer pursuant to Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-Market Day period;

"Closing Market Price" means the last dealt price for a Share transacted through the SGX-ST's trading system as shown in any publication of the SGX-ST or other sources;

"Highest Last Dealt Price" means the highest price transacted for a Share as recorded on the SGX-ST on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

Notice of Annual General Meeting

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"Market Day" means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution."
[See Explanatory Note (v)]

BY ORDER OF THE BOARD

Tan San-Ju
Company Secretary

Singapore, 2 April 2015

Note

A Member entitled to attend and vote at the meeting may appoint not more than two proxies to attend and vote in his stead. Where a Member appoints more than one proxy, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a Member of the Company. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 38 South Bridge Road, Singapore 058672 at least forty-eight (48) hours before the time appointed for holding the meeting.

Explanatory Note to Ordinary Business

(i) Resolution 3 , if passed, will authorise the Company to effect payment of fees to the non-executive Directors (including fees payable to members of the various committees of the Board) for the financial year ending 31 December 2015, such payment to be made on a quarterly basis in arrears. This Resolution will facilitate the payment by the Company of the Directors' fees during the financial year in which they are incurred.

Explanatory Notes to Special Business

(ii) Resolution 10, if passed, will empower the Directors to issue shares in the capital of the Company and/or Instruments (as defined above). The aggregate number of shares to be issued pursuant to this Resolution, including shares to be issued in pursuance of Instruments made or granted pursuant thereto, will be subject to the 50% limit and the 20% sub-limit. The 50% limit and the 20% sub-limit will be calculated based on the total number of issued shares of the Company excluding treasury shares at the time this Resolution is passed, after adjusting for:

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

Notice of Annual General Meeting

(ii) any subsequent consolidation or subdivision of shares.

The authority conferred by this Resolution will continue in force until the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, unless previously revoked or varied at a general meeting.

(iii) Resolution 11, if passed, gives authority to the Directors to grant options and to issue shares in connection with the Hwa Hong Corporation Limited (2001) Share Option Scheme (notwithstanding that such issue of shares may take place after the expiration of this approval).

(iv) Resolution 12, if passed, gives authority to the Directors to issue shares in the capital of the Company pursuant to the Hwa Hong Corporation Limited Scrip Dividend Scheme approved at the Extraordinary General Meeting of the Company held on 7 November 2003.

(v) Resolution 13, if passed, will empower the Directors to exercise all powers of the Company to purchase or otherwise acquire (whether by way of market purchases or off-market purchases) issued and fully paid ordinary shares in the capital of the Company (the "Shares") on the terms of the mandate (the "Share Purchase Mandate") set out in the Appendix to this Notice of Annual General Meeting. The authority conferred by this Resolution will continue in force until the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held or the date on which purchases or acquisitions of Shares are carried out to the full extent mandated, whichever is the earlier, unless previously revoked or varied at a general meeting.

The Company intends to use the Group's internal resources to finance its purchases or acquisitions of Shares pursuant to the Share Purchase Mandate. The amount of funding required for the Company to purchase or acquire the Shares under the Share Purchase Mandate will depend on, inter alia, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time. For illustrative purposes only, the financial effects of purchases or acquisitions of Shares under the Share Purchase Mandate on the audited financial statements of the Company and the Group for the financial year ended 31 December 2014, based on certain stated assumptions, are set out in section 2.7 of the Appendix to this Notice of Annual General Meeting.

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.

HWA HONG CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 195200130C)

IMPORTANT:
1. For investors who have used their CPF monies to buy shares in Hwa Hong Corporation Limited, this report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

PROXY FORM

*I/We, ____(Name)

of____ (Address)

being *a Member/Members of **HWA HONG CORPORATION LIMITED** (the "Company") hereby appoint :

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%
*and/or				

or failing *him/her/them, the Chairman of the meeting, as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf and, if necessary, to demand a poll at the **Sixty-Second Annual General Meeting** of the Company ("AGM") to be held at Novotel Singapore Clarke Quay, Phoenix I, Level 6, 177A River Valley Road, Singapore 179031 on **24 April 2015 at 10.00 a.m**. and at any adjournment thereof.

(*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the AGM and at any adjournment thereof.)

Resolution No.	ORDINARY BUSINESS	For	Against
1	Adoption of reports and financial statements		
2	Declaration of final ordinary dividend and special dividend		
3	Approval of payment of fees to non-executive Directors for the financial year ending 31 December 2015		
4	Re-election of Mr Hans Hugh Miller		
5	Re-election of Ms Ong Wui Leng, Linda		
6	Re-appointment of Mr Ong Mui Eng		
7	Re-appointment of Mr Guan Meng Kuan		
8	Re-appointment of Mr Ong Choo Eng		
9	Appointment of Auditors and authorising Directors to fix their remuneration		
	Any other ordinary business		
	SPECIAL BUSINESS		
10	Authority to allot and issue shares up to fifty per cent (50%) of the total number of Issued Shares		
11	Authority to allot and issue shares under the Hwa Hong Corporation Limited (2001) Share Option Scheme		
12	Authority to issue shares under Hwa Hong Corporation Limited Scrip Dividend Scheme		
13	Renewal of Share Purchase Mandate		

(a) Please indicate your vote "For" or "Against" with a √ within the box provided.
(b) If you wish to exercise all your votes "For" or "Against", please indicate your vote with a √ within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this __________ day of ___________2015

Total Number of Shares Held	
CDP Register	
Members' Register	

____
Signature(s) of Member(s) or Common Seal
* Delete as appropriate

IMPORTANT: PLEASE SEE NOTES PRINTED ON THE REVERSE

Fold this flap for sealing

Please
Affix
Postage
Stamp

The Company Secretary
HWA HONG CORPORATION LIMITED
38 South Bridge Road
Singapore 058672

2nd fold here

3rd fold here

Notes

1. Please insert in the box at the bottom right hand corner on the reverse of this form, the number of shares entered against your name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP") in respect of shares in your Securities Account with CDP and the number of shares registered in your name in the Register of Members in respect of share certificates held by you. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A Member of the Company entitled to attend and vote at the 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.
3. Where a Member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
4. This instrument appointing a proxy or proxies must be signed by the appointor or his duly authorised attorney, or if the appointor is a body corporate, executed under its common seal or signed by its duly authorised officer or attorney.
5. A body corporate which is a Member may also appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Chapter 50, to attend and vote for and on behalf of such body corporate.
6. This instrument appointing a proxy or proxies, duly executed, together with the power of attorney (if any) under which it is signed or a certified copy thereof, must be deposited at the Registered Office of the Company at 38 South Bridge Road, Singapore 058672 at least forty-eight (48) hours before the time fixed for holding the meeting.
7. The Company shall be entitled to reject this instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument appointing a proxy or proxies. In addition, in the case of a Member whose shares are 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 shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Annual General Meeting, as certified by CDP to the Company.

HWA HONG CORPORATION LIMITED
COMPANY REGISTRATION NO. 195200130C
38 South Bridge Road Singapore 058672
www.hwahongcorp.com

Rivergate