Strategic Positioning For A Stronger Foundation

Annual Report 2014

HONG FOK CORPORATION LIMITED

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CHAIRMEN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of HONG FOK CORPORATION LIMITED (the "Company"), we are pleased to present to you the Annual Report of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2014 ("FY 2014").

2014 marked a year in which the Group obtained the Temporary Occupation Permit and Certificate of Statutory Completion for its property, Concourse Skyline, and commenced construction of YOTEL Singapore Orchard Road, a new 30-storey hotel with 610 guestrooms and a single-storey commercial block at Orchard Road/Claymore Hill, Singapore.

This year has been challenging for the Group in terms of sales of residential units of Concourse Skyline as property cooling measures introduced by the government continue to have a negative effect on potential home buyers and property investors.

Notwithstanding a tough property market and environment, the Group commenced the leasing of its retail and residential units at Concourse Skyline in May 2014.

REVIEW OF FY2014

The Group posted a revenue of $97 million as compared to $235 million, a year ago. This was due mainly to lower revenue recognised from the residential units of Concourse Skyline.

Despite the difficult market conditions in FY2014, the Group continued to enjoy good occupancy for its investment properties in Singapore and Hong Kong at satisfactory rental rates.

The leasing of its residential units at Concourse Skyline has also been satisfactory.

During FY2014, Hong Fok Land International Limited (via two wholly owned subsidiaries) disposed off the entire issued share capital of a wholly owned subsidiary and posted a gain of $18.8 million on this disposal.

At the end of FY2014, the value of the Group's investment properties as assessed by professional valuers increased by $46.6 million.

Our cash and cash equivalents increased from $37 million in FY2013 to $93 million in FY2014. This, together with a low gearing of 0.36 times and a $600 million Multicurrency Debt Issuance Programme in place, will provide the Group with the financial resources to embark on investment opportunities in Singapore, Hong Kong and in the region.

To top it off, the Company was proud to be awarded the prestigious "Best Under A $Billion" award by Forbes Asia in 2014 for being one of the region's "Top 200 Small and Midsize Companies".

FUTURE PROSPECTS

The Group expects the demand for the leasing of office space in Singapore to remain healthy. The Group also expects its leasing of the residential units of Concourse Skyline to continue at satisfactory pace. We will capitalise on this opportunity by leasing out our retail, office and residential units which can fuel our growth in the future.

DIVIDENDS

The Group remains committed to ensuring its investors are able to enjoy positive yields despite the challenging economic outlook. As a result, the Board has decided to recommend a first and final 1-tier tax-exempt dividend of 1.0 cent per share and a special dividend of 1.0 cent per share for FY2014.

WORDS OF THANKS

On behalf of the Board, we would like to thank Mr Jackson Lee for his esteemed contributions to the Group during his years of service. Mr Lee retired from the Board on 30 April 2014.

We extend a warm welcome to Messrs Lim Jun Xiong Steven and Chan Pengee, Adrian who joined the Board on 25 July 2014 and 1 January 2015 respectively.

We would also like to express our gratitude to our fellow Board of Directors for their valuable support and insights. To our management and staff, shareholders, tenants, customers and business associates, we thank you for your loyalty to the Group through the years.

CHEONG PIN CHUAN
CHEONG SIM ENG
Joint Chairmen

BOARD OF DIRECTORS

Mr Cheong Pin Chuan is the Joint Chairman and Joint Managing Director and is principally involved in the Group's overall operations and management with greater emphasis in Hong Kong. He is a graduate of the Footscray Institute of Technology in Australia and is a member of the Australian Society of Certified Practising Accountants and the Hong Kong Institute of Certified Public Accountants. He has over 43 years of experience in property development at both management and board levels in Singapore and Hong Kong.

Mr Cheong Sim Eng is the Joint Chairman and Joint Managing Director and is principally involved in the Group's overall operations and management with greater emphasis in Singapore. He is a graduate of the Chaminade University of Honolulu with a Bachelor of Arts degree. He has over 30 years of experience in the property development business.

Ms Cheong Hooi Kheng is an Executive Director and Chief Operating Officer and is principally involved in the Group's development of properties. She also oversees the project management in relation to the development and construction of properties, the leasing and marketing of the Group's real estate properties and major financial affairs of the Group in Singapore. She is a non-executive director of KTL Global Limited. She holds a Bachelor of Science degree in Business Administration from the California State University, Hayward and a Master of Business Administration degree from the Chaminade University of Honolulu. She has over 35 years of experience in the property development and construction business.

Mr Lim Jun Xiong Steven is a Non-Executive Director, Chairman of the Audit and Risk Management Committee and a member of the Nominating Committee and the Remuneration Committee.

Mr Lim started his career at PricewaterhouseCoopers before transitioning to the finance industry by joining HSBC Private Bank (Suisse) SA, the Global Wealth Solutions arm of the HSBC Group, in 1985. He took charge of operations, corporate secretarial and systems control in the Trust Division before assuming the position of Managing Director in 1990. He left to become the chief executive officer of SG Trust (Asia) Ltd, a subsidiary of Societe Generale Private Banking, in 2010, a position he held until 2014. He currently provides consultancy advice in the field of global wealth solutions. He is the lead independent director of Bund Center Investment Ltd and Keong Hong Holdings Limited, an independent director and non-executive chairman of Sapphire Corporation Limited and an independent director of Mirach Energy Limited. In the last three years, he also held independent directorships in Passion Holdings Limited and MAP Technology Holdings Limited.

Mr Lim holds a Bachelor of Commerce degree majoring in Accounting and Finance from the University of Newcastle, Australia. He is a fellow member of CPA Australia and the Institute of Singapore Chartered Accountants in addition to being a member of the Society of Trust and Estate Practitioners. He has more than 31 years of experience in the financial, trust and wealth management industry.

Mr Chow Yew Hon is a Non-Executive Director, Chairman of the Nominating Committee and the Remuneration Committee and a member of the Audit and Risk Management Committee. He is also the Lead Independent Director. He graduated with a Bachelor of Business Administration (Honours) degree from the University of Singapore and has also completed the Pacific Rim Bankers' Programme at the University of Washington, Seattle, United States of America. He has held various senior positions with major international banks in Singapore, Hong Kong, London and Los Angeles. He has more than 37 years of financial and banking experience covering international, corporate & commercial banking and wealth management.

Mr Tan Tock Han is a Non-Executive Director and a member of the Audit and Risk Management Committee, the Nominating Committee and the Remuneration Committee. He is the executive chairman of KTL Global Limited. He is a Council member of the Singapore Chinese Chamber of Commerce, First Vice President of the Singapore Building Materials Supplier's Association, Honorary Chairman of the Singapore Ship-Chandlers Association and Chairman of the Social Service Committee of the Singapore Hokkien Huay Kuan. He has more than 42 years of experience in the offshore oil and gas and marine industries.

Mr Chan Pengee, Adrian is a Non-Executive Director and a member of the Audit and Risk Management Committee, the Nominating Committee and the Remuneration Committee. He is the Head of Corporate and a Senior Partner at Lee & Lee. He serves as First Vice-Chairman of the Singapore Institute of Directors and sits on the board of the Accounting and Corporate Regulatory Authority of Singapore. He is the non-executive chairman of Nobel Design Holdings Ltd, the lead independent director of Yoma Strategic Holdings Ltd and Biosensors International Group, Ltd and is an independent director of Global Investments Limited and Ascendas Funds Management (S) Limited, the manager of Ascendas REIT. He will be retiring from the boards of Isetan (Singapore) Limited and AEM Holdings Ltd at their respective annual general meetings in April 2015. He also serves on the Catalist Advisory Panel of the SGX. He is on the Corporate Governance and Regulations Committee of the Singapore International Chamber of Commerce and the Corporate Practice Committee and Finance Committee of the Law Society of Singapore. He was appointed to the Audit Committee Guidance Committee, established by the MAS, ACRA and the SGX, and served on the Corporate Governance and Directors' Duties Working Group of the Steering Committee established by the Ministry of Finance to rewrite the Companies Act.

Mr Chan holds a Bachelor of Laws degree from the National University of Singapore and is a member of the Singapore Academy of Law. He has more than 25 years of experience in the law profession and has been a director of various SGX-listed companies since 2002.

KEY EXECUTIVE OFFICERS

Ms Cheong Puay Kheng, Vice President (Administration and Personnel)
Ms Cheong's job responsibilities essentially cover the planning, organisation and control of office administration and personnel management of the Group. She graduated from the Armstrong College of Berkeley in the United States of America with a Bachelor of Science degree. She has 36 years of experience at management level.

Ms Cheong is also the Senior Manageress of the property management division of the Winfoong Group.

Mr Jimmy Yeo, Vice President (Marketing)
Mr Yeo is responsible for the marketing and leasing of the Group's real estate properties in Singapore. He holds a Master of Business Administration degree from the University of Hull in the United Kingdom and a Diploma in Marketing from the Chartered Institute of Marketing in the United Kingdom. He is a fellow of the Marketing Institute of Singapore. He has 34 years of real estate marketing experience at management level.

Mr Lok Nam Moon, Vice President (Projects)
Mr Lok is responsible for all projects developments undertaken by the Group in Singapore. He holds a Bachelor of Science degree in Civil Engineering and a Master of Science degree in Structural Engineering both from the University of Strathclyde in the United Kingdom. He is a Professional Engineer, a Chartered Engineer and a Chartered Professional Engineer registered with the Singapore Professional Engineers Board, Engineering Council in the United Kingdom and the Institute of Engineers (Australia) respectively. He is also a senior member of the Institution of Engineers in Singapore, a member of the Institute of Engineers in Australia and an Associate of the Institution of Structural Engineers in the United Kingdom. He has 34 years of experience in project management in Singapore.

Ms Koh Chay Tiang, Vice President (Accounts and Finance)/ Company Secretary
Ms Koh is responsible for the accounts and finance functions of the Group in Singapore. She holds a Bachelor of Accountancy degree from the University of Singapore and is a Chartered Accountant of Singapore. She has 32 years of experience at management level in Singapore.

Mr Ng Sai Kian, Vice President (Property Management)
Mr Ng is responsible for property management and maintenance for all properties under the Group as well as properties of Warranty Management Pte Ltd's clients. He holds a Honours degree in Bachelor of Science from the University of Bradford in the United Kingdom. He has over 5 years of experience in project management in China, 2 years of experience in consultancy service in Singapore as well as more than 20 years of experience in property management in Singapore.

Mr Cheong Tze Hong, Marc, Director – Business Development of Winfoong Group
Mr Cheong's job responsibilities cover the identification and development of new business opportunities in Hong Kong. He holds a Bachelor of Science degree in Accounting from the University of Southern California in the United States of America and a Master of Business Administration degree from the University of Chicago Graduate School of Business. He has over 3 years of experience in the merchant banking field and 14 years of experience in business development in Hong Kong.

Mr Cheong Tze Hian, Howard, Director – Project Management of Winfoong Group
Mr Cheong's job responsibilities cover project management in relation to the development and construction of properties in Hong Kong. He holds a Bachelor of Science degree in Accounting from the University of Southern California in the United States of America. He has over 3 years of experience in the private equity field and 10 years of experience in project management in Hong Kong.

CORPORATE INFORMATION

HONG FOK CORPORATION LIMITED is a public company listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The principal activity of the Company is that of investment holding whose subsidiaries are primarily engaged in property investment, property development and construction, property management, investment trading, provision of horticultural services and investment holding and management.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr Cheong Pin Chuan
Joint Chairman & Joint Managing Director
Mr Cheong Sim Eng
Joint Chairman & Joint Managing Director
Ms Cheong Hooi Kheng
Executive Director & Chief Operating Officer

NON-EXECUTIVE DIRECTORS

Mr Chow Yew Hon
Lead Independent Director
Mr Tan Tock Han
Mr Lim Jun Xiong Steven
Mr Chan Pengee, Adrian

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr Lim Jun Xiong Steven
Chairman
Mr Tan Tock Han
Mr Chow Yew Hon
Mr Chan Pengee, Adrian

NOMINATING COMMITTEE

Mr Chow Yew Hon
Chairman
Mr Tan Tock Han
Mr Lim Jun Xiong Steven
Mr Chan Pengee, Adrian

REMUNERATION COMMITTEE

Mr Chow Yew Hon
Chairman
Mr Tan Tock Han
Mr Lim Jun Xiong Steven
Mr Chan Pengee, Adrian

SECRETARIES

Ms Koh Chay Tiang
Ms Lo Swee Oi

AUDITORS

KPMG LLP
Public Accountants and Chartered Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Tel : 6213 3388
Fax : 6225 4142
Ms Teo Han Jo
Partner-in-charge
Year of Appointment : 2012

REGISTRARS

B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758
Tel : 6593 4848
Fax : 6593 4847

REGISTERED OFFICE

300 Beach Road #41-00
The Concourse
Tel : 6292 8181
Fax : 6293 8689

Artist Impression of YOTEL Singapore Orchard Road

Another quality development under Hong Fok Corporation Limited's portfolio, YOTEL Singapore Orchard Road will feature 610 state-of-the-art cabins located at the heart of the retail and entertainment hub and steps away from all major tourist attractions.

PROPERTY SUMMARY

Property	Description	Lot Nos.	Stage of Completion/ Expected Date of Completion	Existing Use	Approximate Site Area (m²)	Approximate Gross Floor Area (m²)	Percentage Owned (%)	Tenure of Land
MAJOR INVESTMENT PROPERTIES								
International Building at Orchard Road, Singapore	A 12-storey commercial building	956X of Town Subdivision 25	Completed	Offices/ Shops/ Restaurants	2,066	14,963 (1)	100	Freehold
YOTEL Singapore Orchard Road at Orchard Road/ Claymore Hill, Singapore	A 30-storey 610-room hotel and a single-storey commercial block	956X and 1719L of Town Subdivision 25	Phase 1 demolition and piling works completed, reinforced concrete works in progress/1st half of 2017	-	2,990	16,025	100	Freehold
The Concourse at Beach Road, Singapore	A 41-storey commercial/ office tower block	43 strata units of Parent Lot No. 1110V of Town Subdivision 13	Completed	Offices/ Retail	11,715	62,931	100	99 years lease from 13/3/2008
Concourse Skyline at Beach Road, Singapore	Retail units at 1st storey	9 strata units of Parent Lot No. 1110V of Town Subdivision 13	Completed	Retail	115	619	100	99 years lease from 13/3/2008
Concourse Skyline at Beach Road, Singapore	A part 4/part 7-storey podium car park and apartments with 2 blocks of part 20/part 28-storey and part 34/part 40-storey residential flats with communal facilities	8 strata units of Parent Lot No. 1110V of Town Subdivision 13	Completed	Residential	8,662	643	42	99 years lease from 13/3/2008
International Plaza at Anson Road, Singapore	A 50-storey commercial-cum-residential development	U199K, U914L and U462V of Town Subdivision 3	Completed	Residential	-	447 (2)	42	99 years lease from 2/6/1970
Magazine Gap Towers at 15 Magazine Gap Road, Hong Kong	A 12-storey residential development	Inland Lot No. 2570 and The Extension thereto	Completed	Residential	1,765	5,128	42	75 years lease from 4/6/1925 and renewed for a further term of 75 years
Magazine Heights at 17 Magazine Gap Road, Hong Kong	A 12-storey residential development	Inland Lot No. 8021 and The Extension thereto	Completed	Residential	2,139	5,574	42	75 years lease from 28/8/1920 and renewed for a further term of of 75 years
MAJOR DEVELOPMENT PROPERTIES								
Concourse Skyline at Beach Road, Singapore	A part 4/part 7-storey podium car park and apartments with 2 blocks of part 20/part 28-storey and part 34/part 40-storey residential flats with communal facilities	119 strata units of Parent Lot No. 1110V of Town Subdivision 13	Completed	Residential	8,662	15,706 (3)	100	99 years lease from 13/3/2008
Jewel of Balmoral at Balmoral Park, Singapore	A 10-storey residential development	U2179A and U2193V of Town Subdivision 26	Completed	Residential	1,651	332 (4)	100	Freehold
ten@suffolk at Suffolk Road, Singapore	A part 13/part 15-storey residential development	U3594K of Town Subdivision 28	Completed	Residential	1,653	126 (5)	100	Freehold
The Icon at Conduit Road, Hong Kong	A 17-storey residential development	Inland Lot No. 1253	Completed	Residential	679	2,089 (6)	49	999 years lease from 25/6/1861

NOTES:

(1) Excludes 162m² of floor space which are held by third parties on 999 years lease.
(2) This relates to the strata area for 3 residential units.
(3) This represents 119 out of 360 units at Concourse Skyline.
(4) This represents 2 out of 16 units at Jewel of Balmoral.
(5) This represents 1 out of 37 units at ten@suffolk.
(6) This relates to 30 units and two roofs (each includes a pool).

SUMMARY OF THE GROUP

SUMMARY OF THE RESULTS OF THE GROUP

For the last 5 financial years are as follows:

	2014 $'000	2013 $'000	2012 $'000	2011 $'000	2010 $'000
Revenue	**97,236**	235,411	163,515	129,236	50,177
Profit before share of results of associates and joint venture	**70,027**	350,079	97,657	167,252	100,031
Share of results of associates and joint venture	**#**	–	–	(352)	18,749
Profit before income tax	**70,027**	350,079	97,657	166,900	118,780
Income tax expense	**(5,951)**	(6,090)	(4,524)	(3,158)	(2,300)
Profit for the year	**64,076**	343,989	93,133	163,742	116,480
Profit attributable to:					
Owners of the Company	**48,090**	300,530	77,609	163,742	116,480
Non-controlling interests	**15,986**	43,459	15,524	–	–
Profit for the year	**64,076**	343,989	93,133	163,742	116,480
Dividend	**9,450**	3,780	–	–	–

SUMMARY OF THE ASSETS AND LIABILITIES OF THE GROUP

For the last 5 financial years are as follows:

	2014 $'000	2013 $'000	2012 $'000	2011 $'000	2010 $'000
Property, plant and equipment	**2,131**	624	608	346	312
Associates and joint venture	**#**	–	–	165,753	172,522
Investment properties	**2,193,456**	2,096,825	1,671,384	1,257,660	1,104,803
Other non-current assets	**5,677**	896	694	399	397
Current assets	**420,542**	501,136	446,416	340,908	330,930
Total Assets	**2,621,806**	2,599,481	2,119,102	1,765,066	1,608,964
Share capital	**186,688**	186,688	186,688	186,688	186,688
Treasury shares	**(101,050)**	(101,050)	(101,050)	–	–
Reserves	**1,235,928**	1,189,987	859,156	949,327	784,105
	1,321,566	1,275,625	944,794	1,136,015	970,793
Non-controlling interests	**476,260**	451,335	430,621	–	–
Total Equity	**1,797,826**	1,726,960	1,375,415	1,136,015	970,793
Non-current liabilities	**667,214**	341,798	684,520	601,570	606,444
Current liabilities	**156,766**	530,723	59,167	27,481	31,727
Total Liabilities	**823,980**	872,521	743,687	629,051	638,171
Total Equity and Liabilities	**2,621,806**	2,599,481	2,119,102	1,765,066	1,608,964

For comparative purposes, the figures for the financial years 2013 and 2012 have been amended to comply with the new/revised Singapore Financial Reporting Standards including FRS 110 which the Group adopted in financial year 2014. No adjustments have been made for the financial years 2011 and 2010.

Amount less than $1,000

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The board of directors of the Company (the "Board" or "Directors") is committed to raising the standard of corporate governance within the Group in order to enhance transparency in the disclosure of material information. The Company confirms that it has adhered to the principles and guidelines of the Code of Corporate Governance 2012 (the "Code" or "2012 Code") and if there is any deviation from the Code, appropriate explanations are provided in this Statement on each area of non-compliance.

BOARD MATTERS

The Board's Conduct of Affairs (Principle 1 of the Code)

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.

In accordance with the Code, the Board has, without abdicating its responsibility, delegated the authority to make decisions to the Audit and Risk Management Committee, the Nominating Committee and the Remuneration Committee (collectively referred to as the "Board Committees"). Each Board Committee has its own terms of references to address their respective duties and responsibilities.

The Board held meetings on a regular basis during FY2014 to review, *inter alia*, the Company's and the Group's operations and financial results. Details of attendance of Directors at the Board meetings, Audit and Risk Management Committee meetings, Nominating Committee meetings, and Remuneration Committee meetings are set out on pages 19 and 20.

Guidelines are established to specify which material transactions require the Board's approval. These transactions include mergers and acquisitions, divestments and major capital expenditure.

Newly appointed Directors will receive appropriate training and orientation programmes to familiarise themselves with the operations of the Group and its major business processes.

On the appointment of a new Director, the Company will provide a formal letter to the Director, setting out the Director's duties and obligations.

The Company also funds and arranges for the Directors to receive regular training. In this connection, the Company's external auditors, KPMG LLP, conducted a briefing session for the Board during FY2014 on the latest changes to the financial reporting standards.

The Board has no dissenting views on the Chairmen's Statement for the year in review.

Board Composition and Guidance (Principle 2 of the Code)

With effect from 31 January 2014, Mr Cheong Kim Pong retired as a Director. Before his retirement, Mr Cheong Kim Pong was the Chairman of the Board, as well as the Group's Chief Executive Officer ("CEO")/Managing Director. With effect from 30 April 2014, Mr Jackson Lee retired as a Director. Before his retirement, Mr Jackson Lee was the lead independent, non-executive Director, Chairman of the Audit and Risk Management Committee and a member of the Nominating Committee and the Remuneration Committee. With effect from 25 July 2014, Mr Lim Jun Xiong Steven was appointed as an independent Director.

During FY2014, after taking into consideration the resignations of Mr Cheong Kim Pong and Mr Jackson Lee and the appointment of Mr Lim Jun Xiong Steven, out of the six Directors, three were non-executive. The independence of each independent Director is reviewed annually by the Nominating Committee based on the provisions relating to independence as set out in the Code. The Nominating Committee requires each independent Director to complete and execute a form declaring and affirming his independence and confirming that there exist no conditions that would impair his independence. This declaration of independence is tabled before the Nominating Committee and, if accepted, the Director's independence is then recommended by the Nominating Committee to the Board.

Taking into account the views of the Nominating Committee, the Board is satisfied that Mr Chow Yew Hon, Mr Tan Tock Han and Mr Lim Jun Xiong Steven are independent in light of the provisions of the Code. This is in compliance with the Code which recommends that independent Directors make up at least half the Board where the Chairman and the CEO (or equivalent, in our case, the Managing Director) is the same person, notwithstanding that this recommendation only comes into effect following the end of the financial year commencing on or after 1 May 2016.

The Code further requires the independence of any Director who has served on the Board beyond nine (9) years to be rigorously reviewed. The Board having taken into account the contributions by Mr Tan Tock Han, determined Mr Tan Tock Han to be independent notwithstanding that he has served on the Board beyond nine (9) years. Mr Tan Tock Han has contributed effectively by providing impartial and autonomous views, advice and judgement. He has continued to demonstrate strong independence in character and mind and the Board is of the opinion that his length of service has not, in anyway, diminished his independence. In any event, Mr Tan Tock Han has given notice to the Company that, for the purpose of Board renewal and succession, he will be stepping down from his office as independent Director after the upcoming Annual General Meeting to be held on 30 April 2015.

The Board is of the view that the size of the Board is appropriate for the needs and demands of the Company's and the Group's operations. The Board comprises business leaders and professionals from different industries and financial backgrounds. The current Board comprises Directors who have diverse qualifications and backgrounds in areas such as law, banking, trusts, finance and business, and includes Directors who are resident in Singapore and Hong Kong. The independent Directors have exposure to the business industry in which the Group operates. The Board's composition enables the management to benefit from a diverse and objective external perspective on issues raised before the Board.

During FY2014, the non-executive Directors constructively challenged and helped the management develop proposals on business strategies for the Company and the Group. The Board also reviews the performance of the management in achieving agreed goals and objectives for the Company and the Group, and monitors the reporting of performance.

With effect from 1 January 2015, Mr Chan Pengee, Adrian was appointed as an independent Director. The Board is satisfied that Mr Chan Pengee, Adrian is independent in light of the provisions of the Code.

Chairman and Chief Executive Officer (Principle 3 of the Code)
During FY2014, Mr Cheong Kim Pong resigned as a Director and Mr Cheong Pin Chuan and Mr Cheong Sim Eng were appointed as Joint Chairmen of the Board and as Joint Managing Directors of the Company. Up to 31 January 2014, Mr Cheong Kim Pong was both the Chairman of the Board, as well as the Group's CEO/Managing Director.

During FY2014, Mr Jackson Lee was the lead independent Director up to 30 April 2014. With effect from 1 September 2014, Mr Chow Yew Hon was appointed as the lead independent Director. The Code recommends that a lead independent director be appointed where the Chairman and the CEO (or equivalent) is the same person. Following Mr Jackson Lee's retirement, the Nominating Committee considered the appointment of a lead independent director. Having considered the competencies, commitment, contribution and performance of Mr Chow Yew Hon, the Nominating Committee appointed Mr Chow Yew Hon as the lead independent Director.

Board Membership (Principle 4 of the Code)
Key information on the Directors, such as whether they are executive, non-executive, or considered by the Nominating Committee to be independent, as well as details of their academic and professional qualifications and other particulars are set out on pages 3, 20 and 21.

During FY2014, the members of the nominating committee of the Company (the "Nominating Committee") are Mr Chow Yew Hon (Chairman of the Nominating Committee), Mr Tan Tock Han and Mr Lim Jun Xiong Steven (with effect from 25 July 2014).

According to the Nominating Committee's terms of reference, the Nominating Committee's duties and responsibilities are as follows:

(a) determining annually, and as and when circumstances require, whether a Director is independent, and providing its views to the Board in relation thereto for the Board's consideration;

(b) reviewing the independence of any Director who has served on the Board for more than nine (9) years from the date of his first appointment and the reasons for considering him as independent;

(c) where a Director or proposed Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the Director's number of listed company board representations and other principal commitments[1];

(d) where the appointment of an alternate Director to a Director is proposed, determining whether the alternate Director is familiar with the Company's affairs, appropriately qualified and (in the case of an alternate Director to an independent Director) whether the alternate Director would similarly qualify as an independent Director, and providing its views to the Board in relation thereto for the Board's consideration;

[1] The term "principal commitments" shall include all commitments which involve significant time commitment such as full time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisation. Where a Director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

(e) making recommendations to the Board on relevant matters relating to:

(i) the review of board succession plans for Directors, in particular, the Chairman and for the CEO;

(ii) the development of a process for evaluation of the performance of the Board, its Board Committees and Directors;

(iii) the review of training and professional development programs for the Board; and

(iv) the appointment and re-appointment of Directors (including alternate Directors, if applicable);

(f) proposing objective performance criteria for evaluation of the Board's performance as a whole which allows for comparison with industry peers and address how the Board has enhanced long-term shareholder value;

(g) carrying out, at least annually, a formal assessment of the performance and effectiveness of the Board as a whole and its Board Committees and (if applicable) the contributions of individual Directors to the effectiveness of the Board, based on the process implemented by the Board; and

(h) based on the results of the performance evaluation, providing its views and recommendations to the Board, including any appointment of new members.

No limit on the number of Board representations which a Director may hold has been imposed by the Nominating Committee or the Board as the Directors have demonstrated their commitment and effectiveness in discharging their duties and responsibilities and avoiding actual or potential conflicts of interest from serving on other Boards. The Nominating Committee, in assessing the performance of each individual Director, considers whether sufficient time and attention has been given by the Director to the affairs of the Company. It also has regard to the Director's other Board memberships and commitments.

All new appointments and selection of Directors are reviewed and proposed by the Nominating Committee. The Nominating Committee will first identify the skills, experience and background of the candidate being considered for appointment to the Board. Suitable candidates for Board membership are then identified through, *inter alia*, recommendations from current Board members, searches conducted by external search consultants or the Singapore Institute of Directors and other referrals. The Nominating Committee and the Board will interview short-listed candidates before discussing and approving the final appointment. For existing Directors who retire and stand for re-election, based on the evaluation of these Directors, the Nominating Committee will make recommendations for the re-nomination of such Directors.

All Directors (including Managing Directors and Executive Directors) are subject to retirement in accordance with the provisions of the Company's Articles of Association whereby one-third of the Directors (or if their number is not three or a multiple of three, the number nearest to one-third) are required to retire from office by rotation and subject themselves to re-election by shareholders at every annual general meeting of the Company.

With effect from 1 January 2015, the members of the Nominating Committee are Mr Chow Yew Hon (Chairman of the Nominating Committee), Mr Tan Tock Han, Mr Lim Jun Xiong Steven and Mr Chan Pengee, Adrian.

Board Performance (Principle 5 of the Code)
The Board supervises the management of the business and affairs of the Company and the Group. Apart from its statutory duties, the Board reviews and approves the Company's and the Group's strategic plans, key operational initiatives, major investments and funding decisions, annual business plans, and reviews the financial performance of the Company and the Group and those companies whose financial statements are consolidated with the Company's financial statements. For FY2014, the Board also evaluated the performance and compensation of key management personnel.

The Nominating Committee has implemented a process which requires each Director to submit an assessment of the Board and the Board Committees, and a peer assessment of each of the other Directors on the Board to assess the Director's contributions to the effectiveness of the Board. These detailed forms assess Directors in various different areas and competencies, including their attendance and contributions at meetings, preparedness for meetings and their interactive and interpersonal skills. The responses are collated by the Company Secretary and submitted to the Nominating Committee. The responses were then discussed by the Nominating Committee for the recommendations to be made to the Board.

As described below, the Remuneration Committee, in consultation with Hay Group Pte Ltd ("Hay Group"), recommended to the Board specific remuneration packages appropriate for each Director. During this process, the Hay Group and the Remuneration Committee assessed the contributions and performance of each Director in addition to considering other factors.

Access to Information (Principle 6 of the Code)
The Board has separate and independent access to management and the Company Secretary. Management provides the Board with reports of the performance, financial position and prospects of the Group and those companies whose financial statements are consolidated with the Company's financial statements, and these are reviewed by the Board at each Board meeting. Monthly management accounts of the Company and its key subsidiaries are also provided to the Directors. Directors may obtain independent professional advice in furtherance of their duties, at the Company's and the Group's expense.

REMUNERATION MATTERS (Principles 7, 8 and 9 of the Code)
During FY2014, the members of the remuneration committee (the "Remuneration Committee") are Mr Chow Yew Hon (Chairman of the Remuneration Committee), Mr Tan Tock Han and Mr Lim Jun Xiong Steven (with effect from 25 July 2014).

According to the Remuneration Committee's terms of reference, the Remuneration Committee's principal functions are as follows:

(a) reviewing and recommending to the Board, a general framework of remuneration for the Directors and key management personnel[2];

(b) reviewing and recommending annually to the Board, the specific remuneration packages for each Director as well as for the key management personnel, and in its review, to cover all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind;

(c) reviewing annually the remuneration of employees who are immediate family members[3] of a Director or CEO whose remuneration exceeds $50,000 during the year;

(d) reviewing the Company's obligations arising in the event of termination of the executive Directors and key management personnel's contracts of service;

(e) ensuring that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants; and

(f) reviewing whether executive Directors, non-executive and independent Directors and key management personnel should be eligible for options, share incentives, awards and other benefits under the schemes.

The Group's remuneration policy is to provide remuneration packages which will reward, retain and motivate its executives and Directors. During the financial year ended 31 December 2014, the Hay Group was the remuneration consultant of the Company. The Company does not have any relationship with the Hay Group that could affect the Hay Group's independence and objectivity.

The Remuneration Committee, in consultation with the Hay Group, recommends to the Board specific remuneration packages appropriate for each Director. The Board will then review and, if it deems fit, approve these accordingly.

The remuneration packages paid to the executive Directors and key management personnel are linked to the performance of the Company and each individual. No Director or member of the Remuneration Committee is involved in deciding his or her own remuneration.

In reviewing the remuneration of Non-Executive Directors, the Remuneration Committee and the Hay Group have taken into consideration the knowledge and expertise of each individual non-executive Director, the responsibilities vested upon them and the time commitment required from the Non-Executive Directors given the complexities of the business and the business structure.

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[2] "Key management personnel" shall mean the CEO and any other persons having authority and responsibility for planning, directing and controlling the activities of the Group.
[3] An "immediate family member" refers to spouse, child, adopted child, step-child, brother, sister and parent.

The Company currently does not have contractual provisions to allow the Company to reclaim incentive components of remuneration from executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company shall consider the said contractual provisions to be included in future renewals of service contracts as recommended by the Code. Save as aforesaid, the Company reserves the rights to employ legal recourse should any Director and/or key management personnel wilfully and negligently engage in any misconduct.

As the Remuneration Committee and the Board are of the opinion that the remuneration packages of the Executive Directors are of a confidential and sensitive nature, the disclosure of which would place the Group in a competitively disadvantageous position, they have chosen to make disclosures in relation thereto in bands of $250,000.

The level and mix of the Directors' remuneration in bands of $250,000 for FY2014 are set out below:

Remuneration Band Name of Director	Salary %	Fees %	Bonus %	Other Benefits[4] %	Total %
Less than $250,000					
Mr Jackson Lee (1)	–	100	–	–	100
Mr Chow Yew Hon	–	100	–	–	100
Mr Tan Tock Han	–	100	–	–	100
Mr Lim Jun Xiong Steven (2)	–	100	–	–	100
Mr Cheong Kim Pong (3)	80	–	–	20	100
$250,000 to $3,249,999					
–	–	–	–	–	–
$3,250,000 to $3,499,999					
Ms Cheong Hooi Kheng (4)	38	–	59	3	100
$3,500,000 to $4,499,999					
–	–	–	–	–	–
$4,500,000 to $4,749,999					
Mr Cheong Pin Chuan (4)	25	–	62	13	100
$4,750,000 to $4,999,999					
Mr Cheong Sim Eng (4)	41	–	54	5	100

(1) Mr Jackson Lee retired at the last Annual General Meeting on 30 April 2014.
(2) Mr Lim Jun Xiong Steven was appointed as an independent Director on 25 July 2014.
(3) Mr Cheong Kim Pong resigned as Chairman of the Board and the Group's CEO/Managing Director with effect from 31 January 2014.
(4) The remuneration reflected in this table includes the remuneration given by those companies whose financial statements are consolidated with the Company's financial statements, aggregated together with the remuneration given by the Company.

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

Type of Appointment	Fee Per Annum ($)
Board of Directors	
Basic retainer	30,000
Lead Independent Director	10,000
Audit and Risk Management Committee	
Chairman	25,000
Member	12,500
Nominating and Remuneration Committee	
Chairman	20,000
Member	10,000

[4] There are no termination, retirement and post-employment benefits granted to Directors, the CEO or the key management personnel.

The level and mix of the remuneration of the key management personnel who are not Directors or the CEO (or equivalent) for FY2014 are set out in bands of $250,000 below:

Remuneration Band Designation of Executive	Salary %	Fees %	Bonus %	Other Benefits[5] %	Total %
Below $250,000					
Personal Assistant to Directors[6]	75	–	–	25	100
Vice President (Property Management)	70	–	25	5	100
$250,000 to $499,999					
Vice President (Projects)	73	–	24	3	100
Vice President (Accounts and Finance)/ Company Secretary	70	–	29	1	100
Vice President (Marketing)	68	–	28	4	100
Director – Business Development in Winfoong Group[7]	41	–	17	42	100
$500,000 to $749,999					
Director – Project Management in Winfoong Group[7]	37	–	15	48	100
$750,000 to $1,249,999					
–	–	–	–	–	–
$1,250,000 to $1,499,999					
Vice President (Administration and Personnel)/Senior Manageress in Winfoong Group[7]	83	–	14	3	100

The aggregate amount of the total remuneration paid to the above key management personnel was approximately $3,489,000.

Remuneration Packages of Employees who are Immediate Family Members of the Directors, or CEO of the Company
For FY2014, (a) Ms Cheong Puay Kheng, the Vice President (Administration and Personnel)/Senior Manageress in Winfoong Group, (b) Mr Cheong Tze Hong, Marc, a director and officer in charge of business development in Winfoong Group and (c) Mr Cheong Tze Hian, Howard, a director and officer in charge of project management in the Winfoong Group, were employees of the Group whose remuneration exceeded $50,000 each during the financial year who are immediate family members of Mr Cheong Kim Pong, Mr Cheong Pin Chuan, Ms Cheong Hooi Kheng and Mr Cheong Sim Eng, who are Directors of the Company for FY2014. Ms Cheong Puay Kheng is a sibling of Mr Cheong Kim Pong, Mr Cheong Pin Chuan, Ms Cheong Hooi Kheng and Mr Cheong Sim Eng. Mr Cheong Tze Hong, Marc and Mr Cheong Tze Hian, Howard, are the sons of Mr Cheong Pin Chuan and the nephews of Mr Cheong Kim Pong, Mr Cheong Sim Eng and Ms Cheong Hooi Kheng. In addition, for FY2014, Mr Cheong Kim Pong, Mr Cheong Pin Chuan, Ms Cheong Hooi Kheng and Mr Cheong Sim Eng, who are siblings, were employees of the Group.

The Company believes that the disclosure of the detailed remuneration packages of employees, including those who are immediate family members of the Directors or the CEO (or equivalent) of the Company would be prejudicial to the Company's interests and hamper its ability to retain and nurture the Group's talent pool and hence have chosen to make disclosures in relation thereto in bands of $250,000.

Information of the key executive officers is set out on page 4.

The Company does not have any employee share option scheme. However, Winfoong International Limited ("WIL"), one of the companies whose financial statements are consolidated with the Company's, has a share option scheme. The current share option scheme of WIL was adopted on 25 June 2013 after WIL's previous share option scheme had expired on 15 April 2012. The share option scheme of WIL enables WIL to reward and provide incentives to the prescribed classes of participants who may contribute to the growth and development of WIL and its subsidiaries.

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5 There are no termination, retirement and post-employment benefits granted to Directors, the CEO or the key management personnel.
6 The Personal Assistant to Directors resigned with effect from 31 January 2014.
7 The accounts of the Winfoong Group have been consolidated into the accounts of the Group for FY2014 for accounting purposes.

The details of the share option scheme of WIL are as follows:

Potential size of grants	The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the share option scheme of WIL and any other share option schemes adopted by WIL and its subsidiaries shall not exceed 30 per cent. of the shares in issue from time to time.
Methodology of valuing stock options	The calculation of the value of the options is based on a number of variables such as the exercise price, exercise period, interest rate, expected volatility and other relevant variables.
Exercise price of options that were granted as well as outstanding	HK$0.1168
Whether the exercise price was at the market or otherwise on the date of grant	On the date of grant
Market price on the date of exercise	HK$0.275 on 18 November 2014
Vesting schedule	None. The options granted under the share option scheme of WIL are exercisable from the date of grant for a period of 10 years.

With effect from 1 January 2015, the members of the Remuneration Committee are Mr Chow Yew Hon (Chairman of the Remuneration Committee), Mr Tan Tock Han, Mr Lim Jun Xiong Steven and Mr Chan Pengee, Adrian.

ACCOUNTABILITY AND AUDIT (Principles 10, 11, 12 and 13 of the Code)
Audit and Risk Management Committee
During FY2014, the members of the audit and risk management committee (the "Audit and Risk Management Committee") are Mr Lim Jun Xiong Steven (Chairman of the Audit and Risk Management Committee), Mr Tan Tock Han and Mr Chow Yew Hon. The members of the Audit and Risk Management Committee (including the Chairman) possess recent and relevant accounting or related financial management expertise or experience.

The Audit and Risk Management Committee had full access to and co-operation of the management. The Audit and Risk Management Committee also had discretion to invite any Director or executive officer to attend its meetings and was assured of adequate resources to enable it to discharge its functions properly. KPMG LLP (an accounting firm registered with the Accounting and Corporate Regulatory Authority of Singapore), the Company's external auditors had unrestricted access to the Audit and Risk Management Committee. During FY2014, the Audit and Risk Management Committee met with the external auditors without the presence of management.

The Audit and Risk Management Committee was satisfied that the Company's external auditors and the audit engagement partner assigned to the audit had adequate resources and experience to meet its audit obligations. In this connection, the Company has complied with Rule 712 of the Listing Manual of the SGX-ST.

According to the Audit and Risk Management Committee's terms of reference, the Audit and Risk Management Committee's duties and responsibilities include:

(a) reviewing the audit plan, scope and results of the external audit and its cost effectiveness;

(b) reviewing the independence and objectivity of the external auditors annually. Where the auditors also supply a substantial volume of non-audit services to the Company, the Committee shall keep under review the nature and extent of such services, seeking to maintain objectivity, reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(c) reviewing the interim and annual financial statements and financial announcements;

(d) reviewing and reporting to the Board, at least annually, the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);

(e) reviewing the results of the internal auditors' examination of the Group's system of internal controls;

(f) monitoring the establishment, appointments, staffing, qualifications and experience of the Company's internal audit function, including approval of the appointment and compensation terms of the head of the internal audit function, review of whether the internal audit function is adequately resourced, is independent of the activities it audits, and has appropriate standing within the Company. The internal audit function can either be in-house, outsourced to a reputable accounting/auditing firm, or performed by a major shareholder, holding company, parent company or controlling enterprise with an internal audit staff;

(g) reviewing, at least annually, the adequacy and effectiveness of the Company's internal audit function;

(h) meeting with the external auditors, and with the internal auditors, in each case without the presence of the Company's management, at least annually;

(i) making recommendations to the Board on proposal to shareholders on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;

(j) reviewing policies and arrangements by which staff of the Company may, in confidence, raise concerns about any possible improprieties in matters of financial reporting or other matters and ensuring that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow up action to be taken; and

(k) reviewing any matters relating to suspected fraud or irregularity, or suspected infringement of any Singapore laws, or regulations or rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") or any regulatory authority in Singapore, of which the Committee is aware, which has or is likely to have a material impact on the Company's or Group's operating results and/or financial position, and the findings of any internal investigations, and management's response thereto.

To enable the Audit and Risk Management Committee to discharge its functions more effectively, the Company outsourced its internal audit function to Deloitte & Touche Enterprise Risk Services Pte Ltd, a reputable international accounting firm which is not the external auditor. The internal audit function reported to the Audit and Risk Management Committee. The Audit and Risk Management Committee reviewed and approved the internal audit plan for execution. During FY 2014 the Audit and Risk Management Committee met with the internal auditors without the presence of management.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Directors regularly review the effectiveness of all internal controls, including operational controls.

The Board recognises the importance of maintaining a sound system of internal controls to safeguard the shareholders' investments and assets of the Company and the Group. The Audit and Risk Management Committee has been assigned to oversee and review the effectiveness of these controls at least annually.

In FY2014, the Group with the assistance of its internal auditors carried out an exercise to review the Group's risk register which identified the key risks facing the Group and the internal controls in place to manage or mitigate those risks. Internal and external auditors conducted audits that involve testing the effectiveness of the material internal control systems in the Group. Any material non-compliance or lapses in internal controls together with corrective measures recommended by internal and external auditors were reported to the Audit and Risk Management Committee. The Audit and Risk Management Committee also reviewed the effectiveness of the measures taken by management in response to the recommendations made by the internal and external auditors. The system of internal control and risk management is continually being refined by management, the Audit and Risk Management Committee and the Board.

The Audit and Risk Management Committee reviewed the volume of non-audit services to the Company and the Group by the Company's external auditors and was satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditors. Hence, the Audit and Risk Management Committee has recommended to the Board that the auditors, KPMG LLP, be nominated for re-appointment as the Company's external auditors at the forthcoming Annual General Meeting of the Company.

The Board and the Audit and Risk Management Committee reviewed the appointment of different auditors for its subsidiaries and significant associates and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Group. Accordingly, the Company has complied with Rule 716 of the Listing Manual of the SGX-ST.

The audit and non-audit fees paid/payable to auditors are stated in Note 22 (Profit Before Income Tax) to the Financial Statements.

Based on the work carried out by the internal auditors, the external auditors and the existing management controls in place, the Audit and Risk Management Committee and the Board were satisfied that there were adequate and effective internal controls in place to mitigate critical and significant risks relating to financial, operational and compliance matters, information technology controls, and risk management systems. The Board, together with the Audit and Risk Management Committee and management, will continue to enhance and improve the existing internal control framework to identify and mitigate these risks.

The Board has also received assurance from the Joint Managing Directors and the Vice President (Accounts and Finance) that the financial records have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Group and those companies whose financial statements are consolidated with the Company's financial statements, and regarding the effectiveness of the Group's risk management and internal control systems.

The Company has a whistle blowing policy which provides a mechanism for staff of the Group in Singapore to in confidence, raise concerns about fraud and other possible improprieties in matters of financial reporting or other matters. The whistle blowing policy has a well defined process which begins with a complaint being submitted via e-mail to the Chairman of the Audit and Risk Management Committee, who will then perform a preliminary review of the complaint received. If he determines that the complaint is valid and within the scope of the whistle blowing policy, he will report it to the Audit and Risk Management Committee accordingly, which will review the facts of the complaint and follow-up with the appropriate course of action. The Company's whistle blowing policy provides assurance that employees will be protected from reprisals for whistle blowing in good faith. Anonymous complaints are not disregarded and will also be investigated.

The Audit and Risk Management Committee also meets with the management, the Vice President (Accounts and Finance) and external auditors to discuss and keep abreast of any changes to the accounting standards and issues which could have a direct impact on the Group or Company's financial statements.

With effect from 1 January 2015, the members of the Audit and Risk Management Committee are Mr Lim Jun Xiong Steven (Chairman of the Audit and Risk Management Committee), Mr Tan Tock Han, Mr Chow Yew Hon and Mr Chan Pengee, Adrian.

COMMUNICATION WITH SHAREHOLDERS (Principles 14 and 15 of the Code)
The Company ensures that timely and adequate disclosure of information on matters of material impact on the Company and the Group are made to the shareholders. Any such information, should they arise, are communicated to the shareholders through the Company's annual reports and announcements to the SGX-ST. At the Annual General Meeting, the shareholders are given an opportunity to air their views and ask questions regarding the Company and the Group. The Board and management are present at the Annual General Meetings to address any questions that the shareholders may have. The external auditors of the Company are also present to assist the Board in addressing relevant queries by the shareholders. Shareholders have the opportunity to vote in person or by proxy. All resolutions at the Annual General Meeting are put to the vote by way of poll and the detailed results of the voting for each of the resolutions are announced on the SGX-ST.

The Company believes in regular, effective and fair communication with the shareholders. The Company's website is at www.hongfok.com.sg. The Company's latest annual reports, financial results, corporate announcements and share trading information are available on the Company's website. The Company also provides an email alert service so that shareholders and investors may be automatically alerted by email once the Company releases any announcements or filings on the SGX-ST.

The Company's dividend policy is to distribute dividends based on the Company's performance, taking into consideration the resources needed for the Company's continuing operations and possible future plans. The declaration and payment of dividends will be recommended by the Directors and subject to the approval of the shareholders (or for interim dividends as determined by the Directors).

INTERESTED PERSON TRANSACTIONS

During FY2014, the following interested person transactions were entered into by the Company, its subsidiaries and/or its associates:

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 of the Listing Manual of the SGX-ST)	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the Listing Manual of the SGX-ST (excluding transactions less than $100,000)
Mr Cheong Pin Chuan	$131,200	N.A. The Company does not have a shareholders' mandate pursuant to Rule 920 of the Listing Manual.

MATERIAL CONTRACTS

Save for the interested person transactions disclosed above and in Note 32 (Related Parties) to the Financial Statements, there were no other material contracts of the Company or its subsidiaries involving the interests of the chief executive officer, each Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

SECURITIES TRANSACTIONS

The Company has adopted the Hong Fok Corporation Limited Best Practices Guide (Dealings in Company's Securities) (the "Guide"). The Guide sets out, *inter alia*, the restrictions on insider trading under the Securities and Futures Act, Chapter 289, the implications of insider trading as well as guidelines on dealings in securities. In addition, the Guide further elaborates that an officer of the Company should not deal in the securities of the Company on short-term considerations and the Company and its officers should not deal in the securities of the Company during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, or one month before its half year or financial year, as the case may be, and ending on the date of announcement of the relevant results.

CORPORATE SOCIAL RESPONSIBILITY

The Group is aware of the effects of its operations and the role it plays in preserving the environment. The Group strives to encourage a more environmentally responsible culture, and has adopted various measures. During FY2014, the measures that were already in place included the use of LED lights for the roof terrace and office lobby, and the use of paint materials that are environmentally preferred as opposed to those that are not. The Group also issues circulars to encourage the tenants of The Concourse to be environmentally friendly.

The Building and Construction Authority has awarded the BCA Green Mark Platinum award for The Concourse.

DIRECTORS' ATTENDANCE AT BOARD, AUDIT AND RISK MANAGEMENT COMMITTEE, NOMINATING COMMITTEE AND REMUNERATION COMMITTEE MEETINGS FOR FY2014

	Board		Audit and Risk Management Committee	
	No. of Meetings (1)	Attendance	No. of Meetings (1)	Attendance
Executive Directors				
Mr Cheong Kim Pong	3	1	N.A.	N.A.
Mr Cheong Pin Chuan (2)	9	9	N.A.	N.A.
Mr Cheong Sim Eng	9	9	N.A.	N.A.
Ms Cheong Hooi Kheng	9	9	N.A.	N.A.
Independent and Non-Executive Directors				
Mr Chow Yew Hon	9	9	6	6
Mr Jackson Lee	5	2	2	2
Mr Tan Tock Han	9	7	6	6
Mr Lim Jun Xiong Steven	3	3	3	3

	Nominating Committee		Remuneration Committee	
	No. of Meetings (1)	Attendance	No. of Meetings (1)	Attendance
Independent and Non-Executive Directors				
Mr Chow Yew Hon	2	2	1	1
Mr Jackson Lee (3)	–	–	1	1
Mr Tan Tock Han	2	2	1	1
Mr Lim Jun Xiong Steven (4)	2	2	–	–

(1) This refers to the number of meetings held during FY2014 and during the period of the relevant Director's appointment. In addition to these meetings, operational matters that require the Board or Audit and Risk Management Committee, Nominating Committee or Remuneration Committee's attention are also dealt with via circular resolutions.
(2) Mr Cheong Pin Chuan, who is working in Hong Kong, is either consulted on proposed resolutions and other matters to be discussed at meetings or participates in meetings via teleconference.
(3) Mr Jackson Lee retired at the last Annual General Meeting on 30 April 2014.
(4) Mr Lim Jun Xiong Steven was appointed as an independent Director on 25 July 2014.
N.A.: Not applicable

INFORMATION OF THE DIRECTORS FOR FY2014

Name of Director	Age	Academic and Professional Qualifications	Board Committees Served on as Chairman or Member	Directorship: Date First Appointed	Directorship: Date Last Re-elected
Mr Cheong Kim Pong (1)	72	Attended Civil Engineering at The Technical College in Australia	Chairman of the Board	13 January 1968	29 April 2013
Mr Cheong Pin Chuan	65	Graduate of the Footscray Institute of Technology in Australia. Member of the Australian Society of Certified Practising Accountants and the Hong Kong Institute of Certified Public Accountants	Joint Chairman of the Board	26 July 1971	30 April 2014
Mr Cheong Sim Eng	54	Bachelor of Arts	Joint Chairman of the Board	14 May 1990	29 April 2013
Ms Cheong Hooi Kheng (2)	62	Bachelor of Science Master of Business Administration	–	1 March 1989	29 April 2013
Mr Jackson Lee (3)	82	Fellow of the Institute of Chartered Accountants in Australia	Chairman of Audit and Risk Management Committee and member of Nominating Committee and Remuneration Committee	1 April 1976	29 April 2013
Mr Tan Tock Han (2)	68	–	Member of Audit and Risk Management Committee, Nominating Committee and Remuneration Committee	18 October 2001	30 April 2014

Name of Director	Age	Academic and Professional Qualifications	Board Committees Served on as Chairman or Member	Directorship: Date First Appointed	Directorship: Date Last Re-elected
Mr Chow Yew Hon (4)	64	Bachelor of Business Administration (Honours) Completed the Pacific Rim Bankers' Programme in the United States of America	Member of Audit and Risk Management Committee and Chairman of Nominating Committee and Remuneration Committee	1 April 2013	29 April 2013
Mr Lim Jun Xiong Steven (5)	59	Bachelor of Commerce Fellow member of the CPA Australia and the Institute of Singapore Chartered Accountants Member of the Society of Trust and Estate Practitioners	Chairman of Audit and Risk Management Committee and member of Nominating Committee and Remuneration Committee	25 July 2014	N.A.
Mr Chan Pengee, Adrian (6)	50	Bachelor of Laws Member of the Singapore Academy of Law	Member of Audit and Risk Management Committee, Nominating Committee and Remuneration Committee	1 January 2015	N.A.

(1) Mr Cheong Kim Pong resigned as a Director with effect from 31 January 2014.
(2) Ms Cheong Hooi Kheng and Mr Tan Tock Han are also directors of KTL Global Limited.
(3) Mr Jackson Lee retired as a Director with effect from 30 April 2014.
(4) Mr Chow Yew Hon was appointed as the lead independent Director with effect from 1 September 2014.
(5) Mr Lim Jun Xiong Steven was appointed as an independent Director with effect from 25 July 2014. He was appointed as the Chairman of the Audit and Risk Management Committee, and a member of the Nominating Committee and the Remuneration Committee.
(6) Mr Chan Pengee, Adrian was appointed as an independent Director with effect from 1 January 2015. He was appointed as a member of the Audit and Risk Management Committee, the Nominating Committee and the Remuneration Committee.

N.A.: Not applicable

We are pleased to submit this annual report to the members of the Company together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

DIRECTORS

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

Executive Directors

Mr Cheong Pin Chuan

Mr Cheong Sim Eng

Ms Cheong Hooi Kheng

Non-Executive Directors

Mr Lim Jun Xiong Steven (Appointed on 25 July 2014)

Mr Chan Pengee, Adrian (Appointed on 1 January 2015)

Mr Tan Tock Han

Mr Chow Yew Hon

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), particulars of interests of Directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares or debentures in the Company and any other related corporations (other than wholly owned subsidiaries) are as follows:

Name of Director	Holdings at Beginning of the Year	Holdings at End of the Year
Hong Fok Corporation Limited		
Ordinary Shares		
Mr Cheong Pin Chuan		
interest held	10,343,344	10,343,344
deemed interests	126,355,959	128,980,959
Mr Cheong Sim Eng		
interest held	92,324,160	93,322,160
deemed interests	38,298,435	40,923,435
Ms Cheong Hooi Kheng		
interest held	12,682,800	12,682,800
Mr Tan Tock Han[1]		
interest held	195,600	195,600
deemed interests	17,655,598	17,655,598

[1] Mr Tan Tock Han is deemed interested in $250,000 in principal amount of the Company's 4.75 per cent fixed rate notes due 2019 held by his late spouse.

Name of Director	Holdings at Beginning of the Year	Holdings at End of the Year
Winfoong International Limited		
Ordinary Shares		
Mr Cheong Pin Chuan		
deemed interests	3,736,700	3,736,700
Ms Cheong Hooi Kheng		
interest held	2,200,000	2,200,000
Share Options to Subscribe for Ordinary Shares		
Mr Cheong Pin Chuan	26,000,000	26,000,000
Mr Cheong Sim Eng	26,000,000	26,000,000
Ms Cheong Hooi Kheng	26,000,000	26,000,000
Hong Fok Land International Limited		
Ordinary Shares		
Mr Cheong Pin Chuan		
deemed interests	3,397,000	3,397,000
Ms Cheong Hooi Kheng		
interest held	2,000,000	2,000,000

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in shares or debentures of the Company or of related corporations (other than wholly owned subsidiaries) either at the beginning or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2015, except for Mr Cheong Sim Eng whose direct interest held in the Company is 93,377,160 ordinary shares as at 21 January 2015.

DIRECTORS' INTERESTS IN CONTRACTS

Since the end of the previous financial year, a wholly owned subsidiary of the Company has in the normal course of business entered into contract services transactions with certain Directors of the Group and parties in which these said Directors are deemed to have an interest. Such transactions are carried out on normal commercial terms.

Except as disclosed above and in Note 32 (Related Parties) to the Financial Statements, since the end of the last financial year, no Director has received or become entitled to receive a benefit (other than a benefit or any fixed salary of a full-time employee of the Company included in the aggregate amount of emoluments shown in the financial statements, or any emoluments received from related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

There were no material contracts entered into between the Company and its subsidiaries involving the interests of the Directors during the financial year.

Except as disclosed under the 'Share Options' section of 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 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTIONS

Company

During the financial year, there were:

(a) no options granted by the Company to any person to take up unissued shares in the Company; and

(b) no shares issued by virtue of any exercise of options to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under options.

Companies whose Financial Statements are Consolidated

Winfoong International Limited

Winfoong International Limited ("Winfoong"), one of the companies whose financial statements are consolidated with the Company's, has a share option scheme which was adopted on 25 June 2013 ("share option scheme 2013") for the purpose of enabling Winfoong to provide incentives or rewards to eligible participants for their contribution to, and continuing efforts to promote the interests of Winfoong Group and to enable Winfoong to recruit and/or to retain high-calibre employees and attract human resources that are valuable to Winfoong Group.

The directors of Winfoong are authorised, at their discretion, to invite eligible participants, including the directors or any employee (whether full time or part time) of Winfoong Group or an affiliate, and any consultant, agent, or advisor of Winfoong or an affiliate, to take up options to subscribe for shares of Winfoong.

An option may be exercised in accordance with the terms of the share option scheme at any time during a period as determined by the directors of Winfoong Group and not exceeding ten years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised. The offer of a grant of share options may be accepted within twenty-one days from the date of offer upon an initial payment of HK$1 in total for each acceptance. The exercise price of the options is determined by the Board of Winfoong in its absolute discretion and shall not be less than whichever is the highest of:

(a) the closing price of the shares as stated in the Stock Exchange of Hong Kong Limited's daily quotation sheets on the date of the grant, which must be a business day;

(b) the average closing price of the shares as stated in the Stock Exchange of Hong Kong Limited's daily quotation sheets for the five trading days immediately preceding the date of the grant; and

(c) the nominal value of a share.

Share Option Scheme 2013

There are 183,300,000 ordinary shares available for issue under the share option scheme 2013 representing approximately 6.95% of the issued share capital of Winfoong as at the end of the financial year. The maximum number of shares in respect of which share options may be granted to any one participant in any twelve-month period shall not exceed 1% of the total number of shares in issue from time to time.

During the year ended 31 December 2014, a total of 950,000 share options have lapsed and 4,150,000 share options have been exercised under the share option scheme 2013, while none of such share options had been granted, nor cancelled. As at 31 December 2014, 183,300,000 share options entitling the holders of which to subscribe for Winfoong's ordinary shares were outstanding.

At the end of the financial year, details of the options granted under the share option scheme on the unissued ordinary shares of Winfoong, are as follows:

Date of Grant of Share Options	Exercise Price Per Share Option HK$	Number of Share Options Outstanding at 1 January 2014 '000	Number of Share Options Granted during the Year '000	Number of Share Options Exercised during the Year '000	Number of Share Options Lapsed/ Cancelled during the Year '000	Number of Share Options Outstanding at 31 December 2014 '000	Number of Option Holders at 31 December 2014 '000	Exercise Period
18 December 2013	0.1168	188,400	–	(4,150)	(950)	183,300	10	18 December 2013 to 17 December 2023
		188,400	–	(4,150)	(950)	183,300		

The options granted by Winfoong do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee members at the date of this report are as follows:

Mr Lim Jun Xiong Steven (Chairman)
Mr Tan Tock Han
Mr Chow Yew Hon
Mr Chan Pengee, Adrian

The Audit and Risk Management Committee performs the functions specified in Section 201B of the Act, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance.

The Audit and Risk Management Committee has held five meetings since the last Directors' Report. In performing its functions, the Audit and Risk Management Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit and Risk Management Committee also reviewed the followings:

- assistance provided by the Company's and the Group's officers to the internal and external auditors;
- quarterly financial statements and annual financial statements of the Group and the Company prior to their submission to the Directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX-ST).

The Audit and Risk Management Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any Director or officer to attend its meetings. The Audit and Risk Management Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit and Risk Management Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the Listing Manual of the SGX-ST.

AUDITORS
The auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE BOARD OF DIRECTORS

CHEONG SIM ENG
Director

CHEONG HOOI KHENG
Director

Singapore
26 March 2015

STATEMENT BY DIRECTORS

Year Ended 31 December 2014

In our opinion:

(a) the financial statements set out on pages 29 to 98 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 and changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

ON BEHALF OF THE BOARD OF DIRECTORS

CHEONG SIM ENG
Director

CHEONG HOOI KHENG
Director

Singapore
26 March 2015

INDEPENDENT AUDITORS' REPORT

Year Ended 31 December 2014

MEMBERS OF THE COMPANY
HONG FOK CORPORATION LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Hong Fok Corporation Limited (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2014, the statements of comprehensive income, and statements of changes in equity of the Group and the Company and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 29 to 98.

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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income 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 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 and changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
26 March 2015

STATEMENTS OF FINANCIAL POSITION
As At 31 December 2014

	Note	Group 31/12/2014 $'000	Group 31/12/2013 Restated* $'000	Group 1/1/2013 Restated* $'000	Company 31/12/2014 $'000	Company 31/12/2013 Restated $'000	Company 1/1/2013 Restated $'000
Non-current Assets							
Property, plant and equipment	4	**2,131**	624	608	**–**	–	–
Subsidiaries	5	**–**	–	–	**207,808**	188,095	187,755
Associate and joint venture	7	**#**	–	–	**–**	–	–
Investment properties	8	**2,193,456**	2,096,825	1,671,384	**–**	–	–
Other assets	9	**821**	750	592	**–**	–	–
Pledged bank deposits	13	**4,856**	146	102	**–**	–	–
		2,201,264	2,098,345	1,672,686	**207,808**	188,095	187,755
Current Assets							
Other assets	9	**1,282**	1,402	611	**–**	–	–
Current tax assets		**22**	50	8	**–**	–	–
Development properties	10	**292,332**	443,093	332,533	**–**	–	–
Trade and other receivables	11	**33,835**	19,122	21,809	**29**	7	3
Amounts due from subsidiaries	12	**–**	–	–	**253,730**	265,532	92,687
Cash and cash equivalents	13	**93,071**	37,469	91,455	**29,581**	20,077	310
		420,542	501,136	446,416	**283,340**	285,616	93,000
Total Assets		**2,621,806**	2,599,481	2,119,102	**491,148**	473,711	280,755
Equity Attributable to Owners of the Company							
Share capital	14	**186,688**	186,688	186,688	**186,688**	186,688	186,688
Treasury shares	14	**(101,050)**	(101,050)	(101,050)	**–**	–	–
Reserves	15	**1,235,928**	1,189,987	859,156	**59,619**	42,131	43,101
		1,321,566	1,275,625	944,794	**246,307**	228,819	229,789
Non-controlling interests	6	**476,260**	451,335	430,621	**–**	–	–
Total Equity		**1,797,826**	1,726,960	1,375,415	**246,307**	228,819	229,789
Non-current Liabilities							
Loans and borrowings	16	**661,910**	327,144	679,172	**218,262**	217,755	–
Trade and other payables	18	**4,387**	7,626	1,453	**–**	–	–
Financial guarantees	16	**–**	–	–	**–**	–	542
Deferred tax liability	17	**917**	7,028	3,895	**–**	–	–
		667,214	341,798	684,520	**218,262**	217,755	542
Current Liabilities							
Bank overdraft		**–**	–	694	**–**	–	–
Loans and borrowings	16	**77,508**	469,575	879	**–**	–	–
Obligation under finance leases		**–**	–	11	**–**	–	–
Current tax liabilities		**12,572**	2,226	2,251	**–**	–	–
Trade and other payables	18	**66,686**	58,922	55,332	**4,578**	4,593	1,067
Amounts due to subsidiaries	12	**–**	–	–	**22,001**	22,002	48,331
Financial guarantees	16	**–**	–	–	**–**	542	1,026
		156,766	530,723	59,167	**26,579**	27,137	50,424
Total Liabilities		**823,980**	872,521	743,687	**244,841**	244,892	50,966
Total Equity and Liabilities		**2,621,806**	2,599,481	2,119,102	**491,148**	473,711	280,755

* See note 2.5
\# Amount less than $1,000

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

STATEMENTS OF COMPREHENSIVE INCOME

Year Ended 31 December 2014

	Note	Group 2014 $'000	Group 2013 Restated* $'000	Company 2014 $'000	Company 2013 $'000
Revenue	19	**97,236**	235,411	**12,000**	4,800
Other income	20	**850**	2,008	**110**	103
		98,086	237,419	**12,110**	4,903
Cost of sales of development properties		**(28,732)**	(143,059)	**–**	–
Depreciation of property, plant and equipment	4	**(354)**	(327)	**–**	–
Exchange gain/(loss), net		**23**	(229)	**1,538**	837
Gain on disposal of subsidiary	36	**18,849**	–	**–**	–
Gain on revaluation of investment properties	8	**46,574**	328,713	**–**	–
(Loss)/Gain on remeasurement of other assets		**(135)**	391	**–**	–
Impairment loss on trade and other receivables and bad debts written off, net		**(15)**	(23)	**–**	–
Impairment loss on other assets		**(24)**	(16)	**–**	–
Impairment loss written back/(made) on investments in subsidiaries		**–**	–	**18,246**	(388)
Impairment loss made on amount due from a subsidiary		**–**	–	**(5)**	–
Impairment loss made on receivables from associate		**–**	–	**(86)**	(64)
Other expenses		**(45,500)**	(54,558)	**(835)**	(829)
		88,772	368,311	**30,968**	4,459
Finance income	21	**–**	–	**542**	1,025
Finance expense	21	**(18,745)**	(18,232)	**(2,150)**	(1,706)
Net finance (expense)/income		**(18,745)**	(18,232)	**(1,608)**	(681)
Share of results of associate and joint venture, net of tax		**#**	–	**–**	–
Profit before income tax	22	**70,027**	350,079	**29,360**	3,778
Income tax expense	24	**(5,951)**	(6,090)	**–**	–
Profit for the year		**64,076**	343,989	**29,360**	3,778
Profit attributable to:					
Owners of the Company		**48,090**	300,530	**29,360**	3,778
Non-controlling interests		**15,986**	43,459	**–**	–
Profit for the year		**64,076**	343,989	**29,360**	3,778
Earnings per share (cents):					
Basic	27	**7.63**	47.70		
Diluted	27	**7.63**	47.70		

* See note 2.5
\# Amount less than $1,000

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

STATEMENTS OF COMPREHENSIVE INCOME

Year Ended 31 December 2014

	Note	Group		Company	
		2014	2013 Restated*	2014	2013
		$'000	$'000	$'000	$'000
Profit for the year		**64,076**	343,989	**29,360**	3,778
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to Profit or Loss:					
Exchange differences realised on disposal of subsidiary	36	**(424)**	–	**–**	–
Exchange differences on translation of financial statements of foreign subsidiaries		**15,222**	9,869	**–**	–
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		**1,659**	926	**–**	–
Change in fair values of available-for-sale investments		**371**	536	**–**	–
Other comprehensive income for the year, net of income tax		**16,828**	11,331	**–**	–
Total comprehensive income for the year		**80,904**	355,320	**29,360**	3,778
Total comprehensive income attributable to:					
Owners of the Company		**53,764**	320,572	**29,360**	3,778
Non-controlling interests		**27,140**	34,748	**–**	–
Total comprehensive income for the year		**80,904**	355,320	**29,360**	3,778

* See note 2.5

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2014

		Attributable to Owners of the Company							
Group	**Note**	**Share Capital $'000**	**Capital and Other Reserves $'000**	**Treasury Shares $'000**	**Translation Reserves $'000**	**Retained Profit $'000**	**Total $'000**	**Non-controlling Interests $'000**	**Total Equity $'000**
At 1 January 2013, as previously reported		186,688	2,371	–	(58,987)	1,074,691	1,204,763	–	1,204,763
Effect of adopting FRS 110	2.5	–	5	(101,050)	2,681	(161,605)	(259,969)	430,621	170,652
At 1 January 2013, as restated		186,688	2,376	(101,050)	(56,306)	913,086	944,794	430,621	1,375,415
Total comprehensive income for the year									
Profit for the year (restated)		–	–	–	–	300,530	300,530	43,459	343,989
Other comprehensive income									
Exchange differences on translation of financial statements of foreign subsidiaries		–	661	–	12,549	5,729	18,939	(9,070)	9,869
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		–	–	–	926	–	926	–	926
Change in fair value of available-for-sale investments		–	177	–	–	–	177	359	536
Total other comprehensive income		–	838	–	13,475	5,729	20,042	(8,711)	11,331
Total comprehensive income for the year, restated		–	838	–	13,475	306,259	320,572	34,748	355,320

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year Ended 31 December 2014

Group	Note	Share Capital $'000	Capital and Other Reserves $'000	Treasury Shares $'000	Translation Reserves $'000	Retained Profit $'000	Total $'000	Non-controlling Interests $'000	Total Equity $'000
		Attributable to Owners of the Company							
Transactions with Owners, recorded directly in Equity									
Contributions by and Distributions to Owners									
Equity-settled share based transactions		–	–	–	–	1,549	1,549	–	1,549
Dividend paid	25	–	–	–	–	(3,780)	(3,780)	–	(3,780)
Total Contributions by and Distributions to Owners		–	–	–	–	(2,231)	(2,231)	–	(2,231)
Changes in Ownership Interests in Subsidiaries									
Increase in interest in subsidiary due to cancellation of shares	26	–	–	–	–	8,896	8,896	(8,896)	–
Acquisition of additional interest in a subsidiary	26	–	–	–	–	3,594	3,594	(5,138)	(1,544)
Total changes in Ownership Interests in Subsidiaries		–	–	–	–	12,490	12,490	(14,034)	(1,544)
Total transactions with Owners		–	–	–	–	10,259	10,259	(14,034)	(3,775)
At 31 December 2013, as restated		186,688	3,214	(101,050)	(42,831)	1,229,604	1,275,625	451,335	1,726,960

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2014

		Attributable to Owners of the Company							
Group	**Note**	**Share Capital $'000**	**Capital and Other Reserves $'000**	**Treasury Shares $'000**	**Translation Reserves $'000**	**Retained Profit $'000**	**Total $'000**	**Non-controlling Interests $'000**	**Total Equity $'000**
At 1 January 2014, as previously reported		**186,688**	**3,209**	**–**	**(53,405)**	**1,426,895**	**1,563,387**	**–**	**1,563,387**
Effect of adopting FRS 110	2.5	**–**	**5**	**(101,050)**	**10,574**	**(197,291)**	**(287,762)**	**451,335**	**163,573**
At 1 January 2014, as restated		**186,688**	**3,214**	**(101,050)**	**(42,831)**	**1,229,604**	**1,275,625**	**451,335**	**1,726,960**
Total comprehensive income for the year									
Profit for the year		**–**	**–**	**–**	**–**	**48,090**	**48,090**	**15,986**	**64,076**
Other comprehensive income									
Exchange differences realised on disposal of subsidiary	36	**–**	**–**	**–**	**(424)**	**–**	**(424)**	**–**	**(424)**
Exchange differences on translation of financial statements of foreign subsidiaries		**–**	**(27)**	**–**	**3,141**	**1,222**	**4,336**	**10,886**	**15,222**
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		**–**	**–**	**–**	**1,659**	**–**	**1,659**	**–**	**1,659**
Change in fair value of available-for-sale investments		**–**	**103**	**–**	**–**	**–**	**103**	**268**	**371**
Total other comprehensive income		**–**	**76**	**–**	**4,376**	**1,222**	**5,674**	**11,154**	**16,828**
Total comprehensive income for the year		**–**	**76**	**–**	**4,376**	**49,312**	**53,764**	**27,140**	**80,904**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2014

		Attributable to Owners of the Company							
Group	**Note**	**Share Capital $'000**	**Capital and Other Reserves $'000**	**Treasury Shares $'000**	**Translation Reserves $'000**	**Retained Profit $'000**	**Total $'000**	**Non-controlling Interests $'000**	**Total Equity $'000**
Transactions with Owners, recorded directly in Equity									
Contributions by and Distributions to Owners									
Shares issued under share option scheme	28	–	47	–	–	–	47	35	82
Lapse of share options	28	–	(7)	–	–	7	–	–	–
Dividend paid	25	–	–	–	–	(9,450)	(9,450)	–	(9,450)
Total Contributions by and Distributions to Owners		–	40	–	–	(9,443)	(9,403)	35	(9,368)
Changes in Ownership Interests in Subsidiaries									
Acquisition of additional interest in a subsidiary	26	–	–	–	–	1,580	1,580	(2,250)	(670)
Total Changes in Ownership Interests in Subsidiaries		–	–	–	–	1,580	1,580	(2,250)	(670)
Total transactions with Owners		–	40	–	–	(7,863)	(7,823)	(2,215)	(10,038)
At 31 December 2014		186,688	3,330	(101,050)	(38,455)	1,271,053	1,321,566	476,260	1,797,826

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

STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2014

Company	**Note**	**Share Capital $'000**	**Retained Profit $'000**	**Total $'000**
At 1 January 2013		186,688	43,101	229,789
Profit for the year – Total comprehensive income for the year		–	3,778	3,778
Transactions with Owners, recorded directly in Equity				
Distributions to Owners				
Dividend paid	25	–	(4,748)	(4,748)
At 31 December 2013		186,688	42,131	228,819
At 1 January 2014		**186,688**	**42,131**	**228,819**
Profit for the year – Total comprehensive income for the year		**–**	**29,360**	**29,360**
Transactions with Owners, recorded directly in Equity				
Distributions to Owners				
Dividend paid	25	**–**	**(11,872)**	**(11,872)**
At 31 December 2014		**186,688**	**59,619**	**246,307**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 31 December 2014

	Note	2014	2013 Restated*
		$'000	$'000
Cash Flows From Operating Activities			
Profit before income tax		**70,027**	350,079
Adjustments for:			
Share of results of associate and joint venture, net of tax		**#**	–
Amortisation of transaction cost of loans and borrowings		**1,676**	2,077
Depreciation of property, plant and equipment		**354**	327
Equity-settled share-based payment expenses		**–**	1,549
Loss/(Gain) on remeasurement of other assets		**135**	(391)
Gain on disposal of subsidiary, net	36	**(18,849)**	–
Gain on revaluation of investment properties		**(46,574)**	(328,713)
(Gain)/Loss on disposal of property, plant and equipment, net		**(41)**	4
Gain on disposal of other assets		**–**	(326)
Loss on disposal of other assets		**108**	10
Impairment loss on property, plant and equipment		**7**	5
Impairment loss on trade and other receivables and bad debts written off, net		**15**	23
Impairment loss on other assets		**24**	16
Interest income		**(320)**	(153)
Interest expense		**17,069**	16,155
		23,631	40,662
Changes in working capital:			
Development properties		**121,965**	(108,614)
Trade and other receivables		**3,360**	5,001
Trade and other payables		**(10,079)**	5,820
Cash generated from/(used in) operations		**138,877**	(57,131)
Interest income received		**273**	155
Income tax paid		**(1,823)**	(3,028)
Income tax refund		**81**	–
Net Cash From/(Used In) Operating Activities		**137,408**	(60,004)
Cash Flows From Investing Activities			
Acquisition of investment properties		**–**	(16,491)
Capital expenditure on investment properties		**(21,582)**	(4,101)
Payment of development charge		**–**	(63,492)
Proceeds from disposal of property, plant and equipment		**96**	–
Proceeds from disposal of other assets		**62**	977
Purchase of property, plant and equipment		**(1,916)**	(341)
Purchase of other assets		**(58)**	(1,046)
Disposal of subsidiary, net of cash	36	**33,864**	–
Net Cash From/(Used In) Investing Activities		**10,466**	(84,494)
Cash Flows From Financing Activities			
Increase in pledged bank deposits		**(4,704)**	(40)
Interest expense paid		**(16,485)**	(13,298)
Dividends paid		**(9,450)**	(3,780)
Payment of finance lease rentals		**–**	(11)
Payment of transaction costs on loans and borrowings		**(5,850)**	(4,855)
Payment of acquisition of ownership interests in subsidiaries with no change in control		**(670)**	(1,544)
Repayments of loans and borrowings		**(556,117)**	(132,700)
Proceeds from loans and borrowings		**500,183**	246,775
Proceeds from shares issued under share option scheme		**83**	–
Net Cash (Used In)/From Financing Activities		**(93,010)**	90,547
Net Increase/(Decrease) in Cash and Cash Equivalents		**54,864**	(53,951)
Cash and cash equivalents at beginning of the year		**37,469**	90,761
Effect of exchange rate fluctuations on cash held		**738**	659
Cash And Cash Equivalents At End Of The Year	13	**93,071**	37,469

* See note 2.5
\# Amount less than $1,000

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 26 March 2015.

1 DOMICILE AND ACTIVITIES

Hong Fok Corporation Limited is a company incorporated in the Republic of Singapore and has its registered office at 300 Beach Road #41-00, The Concourse, Singapore 199555.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries consist of property investment, property development and construction, property management, investment trading, provision of horticultural services and investment holding and management.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the Group or Group entities).

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

2.2 Basis of Measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and Presentation Currency

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information is presented in Singapore dollars and has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of Estimates and Judgements

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following note:

- Note 8 – classification of investment properties

In particular, information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 5 – measurement of recoverable amounts of investments in and balances with subsidiaries
- Note 8 – fair value determination of investment properties
- Note 10 – estimation of allowance for foreseeable losses and percentage of completion for properties under development
- Note 28 – estimation of fair value of share options granted

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This framework includes the accounts and finance team that reports directly to the Executive Directors who will then have the overall responsibility for all significant fair value measurements.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation and valuation methodologies.

The results of the external valuations are reported to the Executive Directors.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 : unobservable inputs for the asset or liability

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is 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 (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 8 – investment properties
- Note 28 – share-based payment arrangements
- Note 30 – financial instruments

2.5 Changes in Accounting Policies

(i) Subsidiaries

As a result of FRS 110 *Consolidated Financial Statements*, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of FRS 110, the Group reassessed the control conclusion for its investees at 1 January 2014. As a consequence, the Group has changed its control conclusion in respect of its investments in Winfoong International Limited ("WIL") and Hong Fok Land International Limited ("HFLIL"), which were previously accounted for as associates using the equity method. Although the Group owns less than half of the voting power of WIL and HFLIL, management has determined that the Group has had control over the investees, on a de facto power basis, with effect from 1 January 1991 and 1 January 2007 respectively. This is because the Group has held significantly more voting rights of the investees than any other vote holders or organised group of vote holders, and the other shareholdings of the investees have been widely dispersed. Accordingly, the Group applied acquisition accounting to the investments and restated the relevant amounts as if the investees had been consolidated from 1991 and 2007. In addition, the Group has accounted for the results in relation to the 20.4% shareholdings of the Company held by its subsidiary, HFLIL. As a result of the change, the total equity attributable to owners of the Company has been reduced accordingly after accounting for the non-controlling interest's share of the 20.4% shareholdings. The quantitative impact of the changes is set out in Note 2.5 (iv).

(ii) ***Disclosure of Interests in Other Entities***
From 1 January 2014, as a result of FRS 112 *Disclosure of Interests in Other Entities*, the Group has expanded its disclosures about its interests in subsidiaries (see Notes 5 and 6).

(iii) ***Offsetting of Financial Assets and Liabilities***
Under the Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

There is no financial impact to the Company and the Group's statement of financial position arising from the adoption of amendments to FRS 32.

(iv) ***Summary of Quantitative Impact***
The following tables summarise the material impacts of the above changes on the Group's financial position, comprehensive income, cash flows and earnings per share.

Consolidated Statement of Financial Position
1 January 2013

	As Previously Reported $'000	Subsidiaries (see Note 2.5(i)) $'000	As Restated $'000
Property, plant and equipment	253	355	608
Development properties	291,058	41,475	332,533
Investment properties	1,305,499	365,885	1,671,384
Associates and joint venture	165,164	(165,164)	–
Trade and other receivables	8,354	13,455	21,809
Cash and cash equivalents	72,805	18,650	91,455
Other assets	825	378	1,203
Pledged bank deposits	–	102	102
Current tax assets	–	8	8
Total Assets	1,843,958	275,144	2,119,102
Deferred tax liability	3,895	–	3,895
Trade and other payables	40,142	16,643	56,785
Loans and borrowings	592,926	87,819	680,745
Obligations under finance leases	11	–	11
Current tax liabilities	2,221	30	2,251
Total Liabilities	639,195	104,492	743,687
Share capital	186,688	–	186,688
Retained profit	1,074,691	(161,605)	913,086
Non-controlling interests	–	430,621	430,621
Capital, translation and other reserves	(56,616)	2,686	(53,930)
Treasury shares	–	(101,050)	(101,050)
Total Equity	1,204,763	170,652	1,375,415

Consolidated Statement of Financial Position
31 December 2013

	As Previously Reported $'000	Subsidiaries (see Note 2.5(i)) $'000	As Restated $'000
Property, plant and equipment	296	328	624
Development properties	400,337	42,756	443,093
Investment properties	1,713,125	383,700	2,096,825
Associates and joint venture	184,524	(184,524)	–
Trade and other receivables	4,808	14,314	19,122
Cash and cash equivalents	22,135	15,334	37,469
Other assets	1,641	511	2,152
Pledged bank deposits	–	146	146
Current tax assets	–	50	50
Total Assets	2,326,866	272,615	2,599,481
Deferred tax liability	7,028	–	7,028
Trade and other payables	60,508	6,040	66,548
Loans and borrowings	693,734	102,985	796,719
Current tax liabilities	2,209	17	2,226
Total Liabilities	763,479	109,042	872,521
Share capital	186,688	–	186,688
Retained profit	1,426,895	(197,291)	1,229,604
Non-controlling interests	–	451,335	451,335
Capital, translation and other reserves	(50,196)	10,579	(39,617)
Treasury shares	–	(101,050)	(101,050)
Total Equity	1,563,387	163,573	1,726,960

Consolidated Statement of Comprehensive Income
Year Ended 31 December 2013

	As Previously Reported $'000	Subsidiaries (see Note 2.5(i)) $'000	As Restated $'000
Revenue	227,638	7,773	235,411
Other income	1,963	45	2,008
Cost of sales of development properties	(143,059)	–	(143,059)
Finance expense	(17,108)	(1,124)	(18,232)
Share of results of associates, net of tax	2,388	(2,388)	–
Income tax expense	(5,596)	(494)	(6,090)
Depreciation of property, plant and equipment	(228)	(99)	(327)
Exchange (loss)/gain, net	(1)	(228)	(229)
Gain from change in interests in associates	8,896	(8,896)	–
Gain on revaluation of investment properties	323,618	5,095	328,713
(Loss)/gain on remeasurement of other assets	421	(30)	391
Impairment loss on trade and other receivables and bad debt written off, net	(23)	–	(23)
Impairment loss on other assets	(16)	–	(16)
Other expenses	(41,941)	(12,617)	(54,558)
Profit for the year	356,952	(12,963)	343,989
Profit attributable to:			
Owners of the Company	356,952	(56,422)	300,530
Non-controlling interests	–	43,459	43,459
Profit for the year	356,952	(12,963)	343,989

Consolidated Statement of Cash Flows
Year Ended 31 December 2013

	As Previously Reported $'000	Subsidiaries (see Note 2.5(i)) $'000	As Restated $'000
Net cash used in operating activities	(44,243)	(15,761)	(60,004)
Net cash (used in)/from investing activities	(85,895)	1,401	(84,494)
Net cash from financing activities	80,153	10,394	90,547

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group entities, except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 Basis of Consolidation

(i) Business Combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interests ("NCI") that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Acquisitions from Entities under Common Control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(iv) Loss of Control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any NCI and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Investments in Associates and Joint Ventures (Equity-accounted Investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(vi) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expense arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Subsidiaries, Associates and Joint Ventures in the Separate Financial Statements

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment loss.

3.2 Foreign Currency

Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for the following differences which are recognised in OCI arising on the retranslation of:

- available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss); or
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.

Foreign Operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the reporting date. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in OCI, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

Net investment in Foreign Operation

Exchange differences arising from monetary items that in substance form part of the Company's net investment in a foreign operation are recognised in the Company's profit or loss. Such exchange differences are reclassified to equity in the consolidated financial statements. When the foreign operation is disposed of, the cumulative amount in equity is transferred to profit or loss as an adjustment to profit or loss arising on disposal.

3.3 Property, Plant and Equipment

(i) Recognition and Measurement

Buildings held for own use which are situated on leasehold land, where the fair value of the building could be measured separately from the fair value of the leasehold land at the inception of the lease (see Note 3.4) are stated at their revalued amount, being their fair value at the date of the revaluation less any subsequent accumulated depreciation.

Revaluations are performed with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the end of reporting period.

The other items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Changes arising on the revaluation of properties held for own use are generally dealt with in OCI and are accumulated separately in equity in revaluation reserve.

The only exceptions are as follows:
- when a deficit arises on revaluation, it will be charged to profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation; and
- when a surplus arises on revaluation, it will be credited to profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to profit or loss.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent Costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

Office equipment and furniture	-	20% to 100%
Motor vehicles	-	10% to 20%
Plant and equipment	-	20% to 30%
Furniture	-	20%
Building	-	2.5%
Leasehold land	-	over the terms of leases of 35 to 52 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Leased Assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3.5 Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

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

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained profit.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Property that is being constructed for future use as investment property is accounted for at fair value.

3.6 Financial Instruments

(i) Non-derivative Financial Assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the financial asset.

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment loss.

Loans and receivables comprise cash and cash equivalents, trade and other receivables and amounts due from subsidiaries.

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised in OCI and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

(ii) Non-derivative Financial Liabilities
The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the financial liabilities.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, trade and other payables, and amounts due to subsidiaries.

(iii) Share Capital
Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)
When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

Shares held by subsidiary (treasury shares)

A subsidiary's investment in the Company's shares is not treated as ordinary shares outstanding in the consolidated statement of financial position. On consolidation, the subsidiary's investment in the Company's share is reclassified as treasury shares and deducted from consolidated equity.

(iv) Intra-group Financial Guarantees in the Separate Financial Statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantee is transferred to profit or loss.

3.7 Club Memberships

Club memberships are stated at cost less accumulated impairment loss. Gain or loss on disposal of club membership is determined as the difference between the net disposal proceeds and the carrying amount of the club membership and is accounted for in income or expenditure as they arise.

3.8 Development Properties

Development Properties for Sale

Development properties are measured at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities.

Borrowing costs that are directly attributable to the acquisition and development of the development properties are capitalised as part of development property during the period of development.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

Properties under Development, the Sales of which are Recognised using the Percentage of Completion Method

The aggregated costs incurred together with attributable profits and net of progress billings are presented as development properties in the statement of financial position. If progress billings exceed costs incurred plus recognised profits, the balance is presented as part of trade and other payables.

Other Properties under Development

The aggregated costs incurred are presented as development properties while progress billings are presented separately as part of trade and other payables in the statement of financial position.

3.9 Impairment

(i) Non-derivative Financial Assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment loss on available-for-sale financial assets is recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in OCI.

(ii) Non-financial Assets

The carrying amounts of the Group's non-financial assets, other than investment properties, development properties and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment loss is recognised in profit or loss. Impairment loss recognised in respect of CGUs is allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment loss recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 Revenue Recognition

(i) Sale of Properties

Revenue from sales of development properties is recognised using the percentage of completion method when the Group determines that (a) control and the significant risks and rewards of ownership of the work-in-progress transfer to the buyer in its current state as construction progresses, (b) sales price is fixed and collectible, (c) the percentage of completion can be measured reliably, (d) there is no significant uncertainty as to the ability of the Group to complete the development, and (e) costs incurred or to be incurred can be measured reliably.

The percentage of completion is measured by reference to the surveys of work performed. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work.

In all other instances, revenue from sales of development properties is only recognised upon the transfer of control and significant risks and rewards of ownership of the property to the buyer. This generally coincides with the point in time when the development unit is delivered to the buyer. No revenue is recognised when there is significant uncertainty as to the collectability of the consideration due or the possible return of units sold.

(ii) Sale of Goods

Revenue is recognised when goods are delivered at the customers' premise which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(iii) Rental Income and Maintenance Fee

Rental income (net of any incentives given to lessee) and maintenance fees are recognised in profit or loss on a straight-line basis over the term of the lease.

(iv) Car Park and Interest Income

Car park and interest income from late payment by tenants are recognised in profit or loss on an accrual basis. Interest income from deposits is accrued on an effective interest basis.

(v) Dividends

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(vi) Property Management and Horticultural Services Income

Property management and horticultural services income are recognised in profit or loss upon rendering of the services.

(vii) Others

Revenue upon disposal of investments is recognised in profit or loss at the contractual date.

3.11 Employee Benefits

(i) Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short-term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Other Post-employment Benefits

The Group's net obligation in respect of post-employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. A provision is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligations can be estimated reliably. If employee benefits are payable more than twelve months after the reporting date, then they are discounted to their present value.

(iv) Termination Benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(v) Share-based Payment Transactions

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a share option reserve within equity. The fair value is measured at grant date using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the subsidiary's shares. The equity amount is recognised in the share option reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profit).

3.12 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.13 Finance Income and Expense

Finance income relates to amortisation of financial guarantees that are recognised in profit or loss.

Finance expense comprises interest expense on bank overdraft, loans and borrowings, and amortisation of transaction costs capitalised.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.14 Lease Payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.15 Income Tax Expense

Income tax expense comprises current tax and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.16 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.17 Earnings Per Share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.18 New Accounting Standards and Interpretations not yet Adopted

A number of new standards, amendments to standards and interpretations that are not yet effective for the year ended 31 December 2014 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company. The Group does not plan to adopt these standards early.

4 PROPERTY, PLANT AND EQUIPMENT

Group	Building $'000	Leasehold Land $'000	Plant and Equipment $'000	Office Equipment and Furniture $'000	Motor Vehicles $'000	Total $'000
Cost or Valuation						
At 1 January 2013 (restated)*						
Cost	–	153	1,302	3,771	1,047	6,273
Valuation	31	–	–	–	–	31
	31	153	1,302	3,771	1,047	6,304
Additions	–	–	31	281	29	341
Disposals	–	–	–	(153)	–	(153)
Impairment loss	(5)	–	–	–	–	(5)
Translation differences	1	6	–	72	13	92
At 31 December 2013 (restated)*	27	159	1,333	3,971	1,089	6,579
Representing:						
Cost	–	159	1,333	3,971	1,089	6,552
Valuation	27	–	–	–	–	27
	27	159	1,333	3,971	1,089	6,579
At 1 January 2014 (restated)*						
Cost	**–**	**159**	**1,333**	**3,971**	**1,089**	**6,552**
Valuation	**27**	**–**	**–**	**–**	**–**	**27**
	27	**159**	**1,333**	**3,971**	**1,089**	**6,579**
Additions	**–**	**–**	**6**	**631**	**1,279**	**1,916**
Disposals	**–**	**–**	**(94)**	**(139)**	**(222)**	**(455)**
Impairment loss	**(7)**	**–**	**–**	**–**	**–**	**(7)**
Translation differences	**1**	**6**	**–**	**96**	**17**	**120**
At 31 December 2014	**21**	**165**	**1,245**	**4,559**	**2,163**	**8,153**
Representing:						
Cost	**–**	**165**	**1,245**	**4,559**	**2,163**	**8,132**
Valuation	**21**	**–**	**–**	**–**	**–**	**21**
	21	**165**	**1,245**	**4,559**	**2,163**	**8,153**

Group	Building $'000	Leasehold Land $'000	Plant and Equipment $'000	Office Equipment and Furniture $'000	Motor Vehicles $'000	Total $'000
Accumulated Depreciation						
At 1 January 2013 (restated)*	–	35	1,188	3,461	1,012	5,696
Depreciation for the year	1	4	52	229	41	327
Disposals	–	–	–	(148)	–	(148)
Translation differences	–	1	–	66	13	80
At 31 December 2013 (restated)*	1	40	1,240	3,608	1,066	5,955
At 1 January 2014	**1**	**40**	**1,240**	**3,608**	**1,066**	**5,955**
Depreciation for the year	**1**	**3**	**13**	**233**	**104**	**354**
Disposals	**–**	**–**	**(40)**	**(136)**	**(222)**	**(398)**
Translation differences	**–**	**2**	**–**	**91**	**18**	**111**
At 31 December 2014	**2**	**45**	**1,213**	**3,796**	**966**	**6,022**
Carrying Amounts						
At 1 January 2013 (restated)*	31	118	114	310	35	608
At 31 December 2013 (restated)*	26	119	93	363	23	624
At 1 January 2014	**26**	**119**	**93**	**363**	**23**	**624**
At 31 December 2014	**19**	**120**	**32**	**763**	**1,197**	**2,131**

* See note 2.5 (iv)

Measurement of Fair Value

(i) Fair value hierarchy

For 2014 and 2013, the buildings in Hong Kong were revalued by Savills Valuation and Professional Services Limited, who is an independent firm of chartered surveyors and has among its staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. For the buildings, their current use equates to the highest and best use. The valuation was determined based on the Depreciated Replacement Cost Method.

Under the Depreciated Replacement Cost Method, the market value of the buildings is assessed with reference to the current cost of replacing an asset with its modern equivalent asset less deductions for all physical deterioration and all relevant forms of obsolescence and optimisation based on significant unobservable inputs. These inputs include cost of construction for which the cost per square feet to completion was estimated based on the gross floor area using direct market comparables and taking into account of life and size of property and its facilities as at 31 December 2014, and estimated depreciation by deducting all sources of depreciation by straight-line method over the useful life, including physical deterioration and functional and economic obsolescence and adjusting by the physical condition of the building.

The fair value measurement for buildings of $19,000 (2013: $26,000) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2.4).

During the year ended 31 December 2014, there were no transfers among Levels 1, 2 and 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the date of the event or change in circumstances that caused the transfer.

(ii) Level 3 fair value

The following table shows a reconciliation of the buildings from the beginning balance to the ending balance for fair value measurements in Level 3 of the fair value hierarchy:

Group	2014 $'000	2013 $'000
At 1 January	**26**	31
Depreciation charge for the year	**(1)**	(1)
Impairment loss	**(7)**	(5)
Translation differences	**1**	1
At 31 December	**19**	26

There were no changes to the valuation techniques during the year.

The following table shows the key unobservable inputs used in the valuation models.

Buildings	Key Unobservable Inputs	Inter-relationship between Key Unobservable Inputs and Fair Value Measurement
Depreciated replacement cost method	• Cost of construction per square feet ("psf"): $193 • Estimated useful life: 50 years	The estimated fair value would increase (decrease) if: • cost of construction was higher (lower); or • estimated useful life was lower (higher).

The impairment loss of approximately $7,000 (2013: $5,000) has been recognised in the consolidated statement of comprehensive income.

Had these buildings held for own use been carried at cost less accumulated depreciation, the carrying amounts would have been $72,000 (2013: $72,000).

Change in Estimates

During 2014, the Group conducted a review of the useful life of its motor vehicles, which resulted in changes in their expected usage. The motor vehicles, which management had previously intended to sell after 5 years of use, is now expected to remain in use for 10 years from the date of purchase. As a result, the expected useful life of motor vehicles increased and its estimated residual value decreased. The effect of those changes on actual and expected depreciation was as follows:

	2014 $'000	2015 $'000	2016 $'000	2017 $'000	2018 $'000	Later $'000
Decrease in depreciation	(62)	(92)	(92)	(92)	(92)	430

5 SUBSIDIARIES

Company	2014 $'000	2013 Restated $'000
Ordinary shares at cost	**183,431**	183,431
Impairment loss	**(25,417)**	(43,712)
	158,014	139,719
Financial guarantees	**25,439**	25,439
	183,453	165,158
Amounts due from subsidiaries	**32,670**	31,203
Impairment loss	**(8,315)**	(8,266)
	24,355	22,937
	207,808	188,095

As at the reporting date, the Company carried out a review on the recoverable amount of its investments in subsidiaries. The review led to an impairment loss written-back of approximately $18,295,000 and an impairment loss of $49,000 (2013: impairment loss of $388,000) that have been recognised in profit or loss of the Company. The recoverable amount of the investment was determined using the fair value less costs to sell approach. Fair value less costs to sell at the reporting date has been determined based on the higher of the market value or net realisable asset value of the subsidiary at the reporting date. In the opinion of the Directors of the Company, the net realisable asset value of the subsidiary approximates its fair value.

The movements in impairment loss of investments in subsidiaries were as follows:

Company	2014 $'000	2013 Restated $'000
At 1 January	**(51,978)**	(51,590)
Impairment loss made during the year	**(49)**	(388)
Impairment loss written back	**18,295**	–
At 31 December	**(33,732)**	(51,978)

The amounts due from subsidiaries are unsecured and settlement is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Company's net investment in the subsidiaries, they are stated at cost less accumulated impairment losses and presented together with the Company's equity investment in the subsidiaries.

Details of the subsidiaries are as follows:

	Name of Subsidiary	Country of Incorporation	Effective Equity Held by the Group 2014 %	Effective Equity Held by the Group 2013 %
	Yat Yuen Hong Holdings Pte. Ltd.	Singapore	**100**	100
	Yat Yuen Hong Company Limited and its subsidiary:	Singapore	**100**	100
	Super Homes Pte. Ltd.	Singapore	**100**	100
	Hong Fok Homes Pte Ltd	Singapore	**100**	100
	Cecil Land Development Pte. Ltd.	Singapore	**100**	100
	Hong Fok Land Ltd and its subsidiary:	Singapore	**100**	100
	Jemmax Investments Pte Ltd	Singapore	**100**	100
	Hong Fok Realty Pte. Ltd.	Singapore	**100**	100
	Vista Parking Services Pte Ltd	Singapore	**100**	100
	Hong Fok Nominees Pte. Ltd.	Singapore	**100**	100
	Broadway Development Pte Ltd	Singapore	**100**	100
	Turie Pte Ltd	Singapore	**100**	100
	Defoe Pte Ltd and its subsidiary:	Singapore	**100**	100
	Brisco Pte Ltd	Singapore	**100**	100
	Rasco Pte Ltd	Singapore	**100**	100
	Biogem International Pte Ltd	Singapore	**100**	100
	HFC Ventures.com Co Pte Ltd	Singapore	**100**	100
	Highfeature.com Co Pte Ltd	Singapore	**100**	100
	Warranty Management Pte Ltd	Singapore	**100**	100
	Maincon (Building) Pte. Ltd. and its subsidiary:	Singapore	**100**	100
	Elegant Homes Pte. Ltd.	Singapore	**100**	100
	Goldease Investments Limited and its subsidiaries:	British Virgin Islands	**100**	100
	Arundel Trading Pte Ltd	Singapore	**100**	100
	Firth Enterprises Pte Ltd	Singapore	**100**	100
	Hong Fok Development (Newton) Pte Ltd	Singapore	**100**	100
	Bishopgate Holdings Limited	British Virgin Islands	**100**	100
	Gold Triumph Assets Limited	British Virgin Islands	**100**	100
	Yorkwin Investments Limited	British Virgin Islands	**100**	100
	Hong Fok Corporation (Cayman) Limited (formerly known as Hong Fok Corporation Limited)	Cayman Islands	**100**	100
@	Hong Fok Corporation (H.K.) Limited and its subsidiaries:	Hong Kong	**100**	100
	Hong Fok Investment Holding Company Limited	Hong Kong	**100**	100
	Hong Fok Land International Limited	Hong Kong	**100**	100
	Hong Fok Nominees Limited	Hong Kong	**100**	100
	Supreme Homes Company Limited	Hong Kong	**100**	100
	Hong Fok Enterprises Limited	Hong Kong	**100**	100
@	Hong Fok Land International Limited and its significant subsidiaries:	Bermuda	**42**	42
	Hong Fok Land Asia Limited	British Virgin Islands	**42**	42
	Hong Fok Land Investment Limited	Hong Kong	**42**	42
	Hugoton Limited	Hong Kong	**42**	42
	Bossiney Limited	Hong Kong	**42**	42
	Magazine Gap Property Management Limited		**42**	42
	Wellow Investment Limited	Republic of Liberia	**42**	42
	Giant Yield Limited	Hong Kong	**42**	42
	Hong Fok Land Holding Limited	Hong Kong	**42**	42
	Allied Crown Limited	Hong Kong	**42**	42
	First Strategy Investments Limited	British Virgin Islands	**42**	42
	Prestige Century Limited	British Virgin Islands	**42**	42
	Hong Fok Land Assets Pte. Ltd.	Singapore	**42**	42
	Wellpool International Limited	Hong Kong	**–**	42

	Name of Subsidiary	Country of Incorporation	Effective Equity Held by the Group 2014 %	2013 %
	Jiangmen Tangquan Real Estate Company Limited	The People's Republic of China	–	#38
^	Winfoong International Limited and its significant subsidiaries:	Bermuda	**49**	49
	Winfoong Assets Limited	British Virgin Islands	**49**	49
	Sui Chong International Resources Limited	Hong Kong	**49**	49
	Sui Chong International (H.K.) Limited	Hong Kong	**49**	49
	Donwin Property Limited	Hong Kong	**49**	49
	Sui Chong Finance Limited	Hong Kong	**49**	49
	Fort Property Management Limited	Hong Kong	**49**	49
	Cheung Kee Garden Limited	Hong Kong	**49**	49
	Super Homes Limited	Hong Kong	**49**	49
	Century Elegant Limited	Hong Kong	**49**	49

@ The consolidated financial statements are audited by Crowe Horwath (HK) CPA Limited.

Includes 92.0% held indirectly by Hong Fok Land International Limited.

^ Winfoong International Limited is listed on The Stock Exchange of Hong Kong Limited and its consolidated financial statements are audited by Crowe Horwath (HK) CPA Limited.

KPMG LLP is the auditor of all significant Singapore-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Listing Manual of the SGX-ST if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

Although the Group owns less than half of Hong Fok Land International Limited and Winfoong International Limited and less than half of the voting power of these entities, the management has determined that the Group controls these two entities. The Group has de facto control over Hong Fok Land International Limited and Winfoong International Limited, on the basis that the remaining voting rights in the investees are widely dispersed, historical attendance at shareholder meetings shows that the Group has been able to control the outcome of voting, and that there is no indication that other shareholders exercise their votes collectively.

6 NON-CONTROLLING INTERESTS

The following subsidiaries have material non-controlling interests ("NCI"):

Name of Subsidiary	Place of Business	Country of Incorporation	Effective Equity Held by Non-controlling Interests 2014 %	2013 %
Hong Fok Land International Limited and its subsidiaries	Hong Kong	Bermuda, Hong Kong, British Virgin Islands, Republic of Liberia, The People's Republic of China	**57.93**	58.43
Winfoong International Limited and its subsidiaries	Hong Kong	Bermuda, British Virgin Islands, Hong Kong	**51.11**	51.15

The following summarises the financial information of each of the Group's subsidiaries with material NCI, before any intra-group eliminations.

	Hong Fok Land International Limited and its Subsidiaries $'000	Winfoong International Limited and its Subsidiaries $'000	Intra-group Elimination $'000	Total $'000
2014				
Non-current assets	564,278	774		
Current assets	4,267	50,322		
Non-current liabilities	(917)	–		
Current liabilities	(88,907)	(1,604)		
Net assets	478,721	49,492		
Net assets attributable to NCI	277,323	25,295	173,642	476,260
Revenue	9,180	1,835		
Profit/(Loss)	21,376	(3,936)		
Other comprehensive income	15,679	188		
Total comprehensive income	37,055	(3,748)		
Attributable to NCI:				
Profit/(Loss)	12,383	(2,012)	5,615	15,986
Other comprehensive income	9,083	96	1,975	11,154
Total comprehensive income	21,466	(1,916)	7,590	27,140
Cash flows from operating activities	800	(3,089)		
Cash flows from investing activities	27,710	79		
Cash flows from financing activities	(32,716)	83		
Net decrease in cash and cash equivalents	(4,206)	(2,927)		

	Hong Fok Land International Limited and its Subsidiaries $'000	Winfoong International Limited and its Subsidiaries $'000	Intra-group Elimination $'000	Total $'000
2013				
Non-current assets	518,551	582		
Current assets	8,163	53,535		
Non-current liabilities	(101,728)	–		
Current liabilities	(4,304)	(3,121)		
Net assets	420,682	50,996		
Net assets attributable to NCI	245,804	26,084	179,447	451,335
Revenue	7,483	1,314		
Profit/(Loss)	3,858	(6,002)		
Other comprehensive income	14,323	175		
Total comprehensive income	18,181	(5,827)		
Attributable to NCI:				
Profit/(Loss)	2,254	(3,070)	44,275	43,459
Other comprehensive income	8,369	89	(17,169)	(8,711)
Total comprehensive income	10,623	(2,981)	27,106	34,748
Cash flows from operating activities	1,668	(4,630)		
Cash flows from investing activities	(11,979)	10		
Cash flows from financing activities	10,965	–		
Net increase/(decrease) in cash and cash equivalents	654	(4,620)		

7 ASSOCIATE AND JOINT VENTURE

	Group 2014 $'000	Group 2013 Restated* $'000	Company 2014 $'000	Company 2013 $'000
Interest in associate	–	–	**2,000**	2,000
Impairment loss	–	–	**(2,000)**	(2,000)
	–	–	–	–
Interest in joint venture	#	–	–	–
Impairment loss	–	–	–	–
	#	–	–	–
Amount due from associate	–	–	**1,959**	1,873
Impairment loss	–	–	**(1,959)**	(1,873)
	–	–	–	–
	#	–	–	–

* See note 2.5 (iv)
\# Amount less than $1,000

The movements in impairment loss of amount due from associate were as follows:

Company	2014 $'000	2013 $'000
At 1 January	**(1,873)**	(1,809)
Impairment loss during the year	**(86)**	(64)
At 31 December	**(1,959)**	(1,873)

The amount due from an associate is unsecured and settlement is neither planned nor likely to occur in the foreseeable future. As the amount is, in substance, a part of the Company's net investment in the associate, it is stated at cost less accumulated impairment loss and presented together with the Company's equity investment in the associate.

The summarised financial information of the associate and joint venture has not been presented as the carrying amounts are not significant to the consolidated financial statements.

8 INVESTMENT PROPERTIES

Group	2014 $'000	2013 Restated* $'000
At 1 January	**2,096,825**	1,671,384
Transfer from development properties	**10,917**	–
Acquisition	**–**	16,491
Additions arising from subsequent expenditure recognised in carrying amount	**21,818**	67,593
Changes in fair value	**46,574**	328,713
Translation differences	**17,322**	12,644
At 31 December	**2,193,456**	2,096,825

* See note 2.5 (iv)

Investment properties comprise commercial and residential properties, freehold land and buildings under development and leasehold land and buildings.

Completed investment properties are commercial and residential properties that are mainly leased to external customers. Each of the leases contains an initial non-cancellable period of usually two to three years. Subsequent renewals are negotiated with the lessee.

The carrying amount of investment properties of the Group under operating leases at 31 December 2014 is approximately $1,751,847,000 (2013: $1,636,576,000).

During the year, interest expense capitalised as cost of investment properties amounted to $873,000 (2013: $Nil) (see Note 21). The interest rate expense has been capitalised at rates ranging from approximately 2.0% to 2.4% (2013: Nil) per annum.

Security
The Group's investment properties with a carrying value of $2,177,766,000 (2013: $2,081,591,000) have been mortgaged to secure loan facilities granted to the Group (see Note 16).

Measurement of Fair Value
Investment properties have been revalued at reporting date as follows:

Group	2014 $'000	2013 Restated* $'000
Leasehold properties	**1,441,177**	1,373,735
Freehold properties	**752,279**	723,090
	2,193,456	2,096,825

* See note 2.5 (iv)

The 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.

(i) Fair Value Hierarchy

Leasehold properties

For 2014 and 2013, the leasehold properties in Singapore are revalued by Jones Lang LaSalle Property Consultants Pte Ltd, a firm of independent professional valuers that has appropriate recognised professional qualifications and recent experience in the locations and categories of the properties being valued, on an open market value basis. Completed leasehold properties are valued using the Direct Sales Comparison Method and the Investment Method.

For 2014 and 2013, the leasehold properties in Hong Kong and Singapore are revalued by Savills Valuation and Professional Services Limited and Savills Valuation and Professional Services (S) Pte. Ltd. respectively, both independent firms of valuers. The property valuers have among their staff members of the Hong Kong Institute of Surveyors or the Singapore Institute of Surveyors and Valuers with recent experience in the location and category of property being valued. The management has discussion with the property valuers on the valuation assumptions and valuation results when the valuation is performed at the end of the reporting period. The fair values of the Group's Investment properties located in Hong Kong and Singapore are determined using open market value basis by reference to recent market transactions of comparable properties using market data which is publicly available.

Under the Direct Sales Comparison Method, the market value of the property is assessed having regard to transactions of comparable properties within the vicinity and elsewhere. Prevailing market conditions were considered and due adjustments were made to account for differences in terms of location, tenure, size, shape, design and layout, age and condition of buildings, dates of transactions, etc. and other factors affecting its value.

Under the Investment Method, the market value of the property is assessed having regard to the value of income-producing properties, which takes into account the existing committed rentals and the estimated current market rentals achievable by the property. Outgoings such as property tax and service charge are then deducted from the rental income to arrive at a net income which is then capitalised at an appropriate rate to arrive at the market value of the property.

Freehold properties

For 2014 and 2013, the freehold properties are revalued by Knight Frank Pte Ltd, a firm of independent professional valuers that has appropriate recognised professional qualifications and recent experience in the locations and categories of the properties being valued, on an open market value basis. Completed freehold properties are valued using both the Comparable Sales Method and the Investment Method, each method being used as a check against the other, except for the land for the proposed hotel and commercial development which is valued using the Residual Land Value Method, by reference to recent market transactions of comparable properties using market data which is publicly available.

Under the Comparable Sales Method, a comparison is made with sales of similar properties in the vicinity and other locations with adjustments made for differences in location, floor area, floor level, age/quality of development, tenure, date of sale, etc., before arriving at the value of the subject property.

Under the Investment Method, the net rent of the subject property is capitalised at a suitable rate of return to arrive at its value. The net rent is the balance sum after deducting service charge, property tax and a reasonable percentage of vacancy from the gross rent.

Under the Residual Land Value Method, the value of the land is arrived at by deducting gross construction costs (including professional fees), development charge and other relevant costs, together with developer's profit margin, from the gross development value assuming it was completed as at the date of valuation.

In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

The fair value measurement for investment properties of $19,491,000 (2013: $5,100,000) has been categorised as a Level 2 fair value while investment properties of $2,173,965,000 (2013: $2,091,725,000) has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used (see Note 2.4).

(ii) Level 3 Fair Values

The following table shows a reconciliation of the Group's investment properties from the beginning balance to the ending balance for fair value measurements in Level 3 of the fair value hierarchy:

	2014	**2013 Restated***
	$'000	**$'000**
At 1 January	**2,091,725**	1,666,284
Acquisitions	**–**	16,491
Additions arising from subsequent expenditure recognised in carrying amount	**16,516**	67,593
Gain included in 'Gain on revaluation of investment properties'		
Changes in fair value	**48,402**	328,713
Translation differences	**17,322**	12,644
At 31 December	**2,173,965**	2,091,725

* See note 2.5 (iv)

The following table shows the key unobservable inputs used in the valuation models.

Investment Properties	Key Unobservable Inputs	Inter-Relationship Between Key Unobservable Inputs and Fair Value Measurement
Leasehold properties		
Singapore		
Sales comparison method	• Price per square feet ("psf"): $2,800	The estimated fair value would increase (decrease) if: • price per square feet was higher (lower) for higher quality buildings and lease terms.
Investment method	• Price psf: $1,990 • Vacancy allowance: 3% • Capitalisation rate: 3.25% (assuming it is strata subdivided)	The estimated fair value would increase (decrease) if: • price per square feet was higher (lower); • vacancy allowance was lower (higher); or • capitalisation rate was lower (higher).
Hong Kong		
Direct comparison method	• Prices psf: $3,919 to $4,260 • Acquisition price: $119,280	The estimated fair value would increase (decrease) if: • price per square feet was higher (lower); or • acquisition price was higher (lower).
Freehold properties		
Singapore		
Sales comparison method	• Prices psf: $2,300 to $6,700	The estimated fair value would increase (decrease) if: • price per square feet was higher (lower).
Investment method	• Prices psf: $2,300 to $6,500 • Vacancy allowance: 3% to 4% • Capitalisation rate: 3.5%	The estimated fair value would increase (decrease) if: • price per square feet was higher (lower); • vacancy allowance was lower (higher); or • capitalisation rate was lower (higher).
Residual land value method	• Gross development value: $698m • Estimated total cost of work to completion: $141m • Cost of works done: $8.5m • Land Value: $434m	The estimated fair value would increase (decrease) if: • gross development value was higher (lower); or • estimated total cost of development was lower (higher).

Classification of Investment Property

In 2013, a subsidiary of the Company has appointed a hotel manager for the proposed hotel to be built on the existing car park block of International Building that is part of Lot 956X at 360 Orchard Road Singapore.

Judgement is required in assessing whether the relevant future hotel asset arising from the proposed hotel development are owner-occupied or not, for the purposes of assessing whether FRS 40 *Investment Property* is applicable and whether therefore, accounting for the relevant hotel as investment property is appropriate for the purposes of the Group's financial statements. The classification of a property as owner-occupied property or investment property is a matter of judgement, involving consideration of various factors such as, the length of the agreement involved, the powers of intervention and level of influence on financial and operating decisions held by the Group, and the extent of the Group's interest in the profits and cash flows generated by the relevant property.

The relevant hotel property continues to be classified as an investment property based on management's assessment of the above factors.

9 OTHER ASSETS

Group	2014 $'000	2013 Restated* $'000
Non-current		
Available-for-sale unquoted equity securities	**613**	399
Club Membership:		
Cost		
At 1 January	**505**	529
Addition	**48**	–
Disposal	**(172)**	(26)
Exchange translation difference	**2**	2
At 31 December	**383**	505
Accumulated Impairment		
At 1 January	**154**	152
Disposal	**(3)**	(14)
Impairment loss	**24**	16
At 31 December	**175**	154
Carrying Amount		
At 31 December	**208**	351
Total Non-current Other Assets	**821**	750
Current		
Quoted equity securities, held for trading	**1,056**	1,192
Unquoted equity securities, held for trading	**226**	210
	1,282	1,402

* See note 2.5 (iv)

Certain investments with a carrying value of approximately $657,000 as at 31 December 2014 (2013: $484,000) have been pledged as collateral to secure a share margin trading facility granted to a subsidiary. As at 31 December 2014 and 31 December 2013, the amount utilised under the facility granted was $Nil.

During the year, an impairment loss amounting to $24,000 (2013: $16,000) was made to adjust the carrying value of club membership to its recoverable amount, which was represented by the fair value of each club membership referenced from independent sources at the reporting date.

10 DEVELOPMENT PROPERTIES

Group	Note	2014 $'000	2013 Restated* $'000
Properties Under Development		–	394,445
Completed properties		**292,332**	48,648
		292,332	443,093
Properties Under Development			
Costs incurred		–	533,258
Attributable profits		–	87,180
Interest income on fixed deposits		–	(586)
		–	619,852
Progress instalments received and receivable		–	(225,407)
		–	394,445
Amount of interest capitalised during the year	21	**81**	497

* See note 2.5 (iv)

The interest expense capitalised as cost of development properties during the year was $81,000 (2013: $497,000) (see Note 21). The interest rate expense has been capitalised at rates ranging from approximately 1.2% to 1.3% (2013: 1.2% to 1.4%) per annum.

Development properties with a carrying amount of $244,197,000 (2013: $394,445,000) are mortgaged for credit facilities extended to the Group (see Note 16).

For properties in Singapore, the Group adopts the percentage of completion method of revenue recognition for its residential project under the progressive payment scheme in Singapore. The stage of completion is measured in accordance with the accounting policy stated in Note 3.10. Certain assumptions are made in determining the stage of completion and the total estimated development costs. The estimated total construction costs are based on contracted amounts, and in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration the historical trends of the amounts incurred and prevailing construction costs. In making the assumptions, the Group evaluates them by relying on their past experience and the work of specialists.

In assessing for net realisable value of the completed property units, management takes into account the recent transaction prices of similar or comparable properties for completed units. The net realisable value of properties under development are assessed by reference to comparable properties, timing of sales, location of property, expected selling costs and development expenditure. Market conditions may, however, change, which may affect the future selling prices on the remaining unsold residential units of the development properties and accordingly, the carrying value of development properties for sale may be subject to adjustments in future periods.

11 TRADE AND OTHER RECEIVABLES

	Group 2014	Group 2013 Restated*	Company 2014	Company 2013
	$'000	$'000	$'000	$'000
Trade receivables	**29,950**	3,468	**–**	–
Impairment loss	**(109)**	(99)	**–**	–
	29,841	3,369	**–**	–
Other receivables	**948**	431	**20**	–
Deposits	**1,379**	10,608	**–**	–
	32,168	14,408	**20**	–
Prepayments and others	**1,667**	4,714	**9**	7
	33,835	19,122	**29**	7

* See note 2.5 (iv)

Included in prepayments and others for 2013 were transaction costs of approximately $2,160,000 paid for a credit facility which has not been drawn down as at 31 December 2013. The credit facility has been drawn down during 2014 and these costs have been reclassified to loans and borrowings (see Note 16).

The Group and the Company's exposure to credit risk and impairment losses related to trade and other receivables are disclosed in Note 29.

12 AMOUNTS DUE FROM/TO SUBSIDIARIES

Company	2014 $'000	2013 $'000
Amounts due from subsidiaries:		
Interest free	**89,427**	88,870
Interest bearing	**165,002**	177,356
Impairment loss	**(699)**	(694)
	253,730	265,532
Amounts due to subsidiaries:		
Interest free	**22,001**	22,002

Except as stated below, the amounts due from/to subsidiaries are non-trade in nature, unsecured and repayable on demand.

Interest incurred by the Company on borrowings is charged to the respective subsidiaries based on their utilisation of funds (see Note 8). The effective interest rate is approximately 4.75% (2013: 4.75%) per annum at reporting date. The interest rates reprice within six months of the reporting date.

13 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013 Restated*	2014	2013
	$'000	$'000	$'000	$'000
Cash at banks and in hand	**34,116**	23,738	**7,581**	20,077
Deposits	**63,811**	13,877	**22,000**	–
Cash and cash equivalents	**97,927**	37,615	**29,581**	20,077
Less: Pledged bank deposits (non-current)	**(4,856)**	(146)	**–**	–
Cash and cash equivalents in the consolidated statement of cash flows (current)	**93,071**	37,469	**29,581**	20,077

* See note 2.5 (iv)

Included in the above is an amount held under the Housing Developers (Project Account) Rules of approximately $22,237,000 (2013: $1,000), the use of which is subject to restriction imposed by the said Rules.

The effective interest rate for the cash at banks and fixed deposits ranged from 0% to 0.8% (2013: 0% to 1.7%) per annum at the reporting date. These interest rates reprice within six months of the reporting date.

Pledged bank deposits represent bank balances of certain subsidiaries pledged as security for credit facilities (see Note 16).

14 SHARE CAPITAL

	Group		Company	
	2014	2013	2014	2013
	No. of Shares	No. of Shares	No. of Shares	No. of Shares
	'000	'000	'000	'000
Issued and Fully Paid Ordinary Shares, with no Par Value				
At 1 January/31 December	**791,466**	791,466	**791,466**	791,466
Treasury shares	**(161,445)**	(161,445)	**–**	–
At 1 January/31 December, excluding treasury shares	**630,021**	630,021	**791,466**	791,466

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

15 RESERVES

	Group		Company	
	2014	2013 Restated*	2014	2013
	$'000	$'000	$'000	$'000
Capital reserve	**2,371**	2,371	**–**	–
Share option reserve	**773**	757	**–**	–
Fair value reserve	**186**	86	**–**	–
Translation reserves	**(38,455)**	(42,831)	**–**	–
Retained profit	**1,271,053**	1,229,604	**59,619**	42,131
	1,235,928	1,189,987	**59,619**	42,131

* See note 2.5 (iv)

Capital reserves comprise discretionary transfers from retained profit in prior years.

Share option reserve comprises the cumulative value of employee services received for the issue of share options.

Fair value reserve comprises the cumulative net changes in fair value of available-for-sale investments until the investments are derecognised or impaired.

The translation reserve comprises exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company and the exchange differences on monetary items which form part of the Company's net investment in foreign subsidiaries.

16 LOANS AND BORROWINGS

		Group		Company	
	Note	2014	2013 Restated*	2014	2013
		$'000	$'000	$'000	$'000
Non-current Liabilities					
Singapore dollar secured floating rate loans from financial institutions		**395,000**	–	**–**	–
Singapore dollar secured bank loan		**56,000**	–	**–**	–
Singapore dollar unsecured fixed rate notes issued by the Company	b	**220,000**	220,000	**220,000**	220,000
Hong Kong dollar secured revolving bank loan		**170**	7,661	**–**	–
Hong Kong dollar secured bank loans		**–**	101,728	**–**	–
Unamortised transaction cost		**(9,260)**	(2,245)	**(1,738)**	(2,245)
		661,910	327,144	**218,262**	217,755

	Note	Group 2014 $'000	Group 2013 Restated* $'000	Company 2014 $'000	Company 2013 $'000
Current Liabilities					
Singapore dollar secured floating rate loans from financial institutions		–	463,000	–	–
Singapore dollar secured revolving loan from financial institutions		–	6,000	–	–
Singapore dollar secured bank loan	c	**5,843**	1,257	–	–
Hong Kong dollar secured bank loans		**71,449**	–	–	–
Hong Kong dollar unsecured bank loan	c	**216**	–	–	–
Unamortised transaction cost		–	(682)	–	–
		77,508	469,575	–	–
Financial guarantees		–	–	–	542
		77,508	469,575	–	542

* See note 2.5 (iv)

Terms and debt repayment schedule

Group	Currency	Nominal Interest Rate	Year of Maturity	2014 Face Value $'000	2014 Carrying Amount $'000	2013 Face Value $'000	2013 Carrying Amount $'000
Secured floating rate loan from financial institutions	SGD	1.23%-1.50%	2014-2019	**395,000**	**389,524**	463,000	462,318
Secured revolving loan from financial institutions	SGD	1.23%-1.38%	2014	–	–	6,000	6,000
Secured bank loan	SGD	2.04%-2.41%	2018	**56,000**	**53,954**	–	–
Secured bank loan	SGD	1.51%-1.82%	180 equal monthly instalments commencing on Oct 2012	**5,843**	**5,843**	1,257	1,257
Secured bank loan	HKD	1.60%-1.78%	2014-2018	**170**	**170**	7,661	7,661
Secured bank loans	HKD	1.09%-2.08%	2015	**71,449**	**71,449**	101,728	101,728
Unsecured fixed rate notes issued by the Company	SGD	4.75%	2018-2019	**220,000**	**218,262**	220,000	217,755
Unsecured bank loan	HKD	5.00%	2018	**216**	**216**	–	–
				748,678	**739,418**	799,646	796,719

Company	Currency	Nominal Interest Rate	Year of Maturity	2014 Face Value $'000	2014 Carrying Amount $'000	2013 Face Value $'000	2013 Carrying Amount $'000
Unsecured fixed rate notes issued by the Company	SGD	4.75%	2018-2019	**220,000**	**218,262**	220,000	217,755

(a) Certain loans of the Group are secured by:

(i) mortgages on and assignment of rental income from investment properties with carrying values of approximately $2,177,766,000 as at 31 December 2014 (2013: $2,081,591,000) (see Note 8);

(ii) mortgages on development properties with carrying values of approximately $244,197,000 as at 31 December 2014 (2013: $394,445,000) (see Note 10) and assignment of the rights, titles and interest in the tenancy agreements, sale and purchase agreements and insurances from the development properties;

(iii) guarantees by the Company and/or its subsidiaries (see Note 29); and

(iv) charges over certain of the Group's bank deposits of approximately $4,856,000 (2013: $146,000).

(b) The Company updated its $300 million unsecured Multicurrency Medium Term Note Programme (the "Programme") established in December 2012 to provide that in addition to notes, perpetual securities may be issued under the Programme, and the maximum aggregate principal amount of securities that may be issued under the Programme is increased from $300 million to $600 million. In connection with the foregoing, the Programme has been renamed as "$600 million Multicurrency Debt Issuance Programme". Notes outstanding as at 31 December 2014 comprise $100 million (2013: $100 million) 5-year unsecured fixed rate notes due in January 2018 and $120 million (2013: $120 million) 6-year unsecured fixed rate notes due in March 2019. The amount of $218,262,000 (2013: $217,755,000) as at the reporting date represented the notes stated at amortised cost. These fixed rate notes, which bear interest of 4.75% per annum payable semi-annually in arrears, are listed on the SGX-ST.

(c) These loans contain a repayment on demand clause and are therefore classified under current liabilities although they are expected to be repaid in accordance with the scheduled repayment dates.

17 DEFERRED TAX LIABILITY

Deferred tax liability is attributable to the following:

Group	At 1/1/2013 Restated* $'000	Recognised in Profit or Loss (Note 24) $'000	At 31/12/2013 Restated* $'000	Recognised in Profit or Loss (Note 24) $'000	Translation Differences $'000	At 31/12/2014 $'000
Profits recognised on percentage of completion	3,895	3,133	**7,028**	**(6,147)**	**36**	**917**

* See note 2.5 (iv)

18 TRADE AND OTHER PAYABLES

	Note	Group 2014	Group 2013 Restated*	Company 2014	Company 2013
		$'000	$'000	$'000	$'000
Non-current					
Trade payables		**377**	3,726	**–**	–
Provision for post-employment benefits		**4,010**	3,900	**–**	–
		4,387	7,626	**–**	–
Current					
Trade payables		**9,966**	11,516	**–**	–
Accrued operating expenses		**5,028**	5,923	**3,954**	4,113
Accrued development expenditure		**16,340**	8,647	**–**	–
Provision for bonus		**8,156**	11,384	**–**	–
Deferred consideration received in advance	36	**9,000**	–	**–**	–
Provision for liquidated damages on development properties		**–**	3,779	**–**	–
Provision for post-employment benefits		**–**	2,868	**–**	–
Tenancy and other deposits		**16,345**	13,797	**–**	–
Unclaimed dividends		**374**	292	**374**	292
Other payables		**1,477**	716	**250**	188
		66,686	58,922	**4,578**	4,593

* See note 2.5 (iv)

Trade payables include retention sum of approximately $6,938,000 (2013: $9,020,000) relating to properties under development.

As at 31 December 2013, the Group accrued for approximately $3,779,000 of liquidated damages payable to the purchasers of the residential units. This arose from the delay in receipt of Temporary Occupation Permit ("TOP") from the estimated TOP date as set out in the sales and purchase agreement. TOP was obtained on 3 March 2014.

Provision for post-employment benefits was in relation to employees' retirement benefits based on duration of the employees' services rendered. In 2013, current payable relating to provision of post-employment benefits in 2013 was retirement benefits provided for a Director who had retired in January 2014 for his past services.

19 REVENUE

	Group		Company	
	2014	2013 Restated*	2014	2013
	$'000	$'000	$'000	$'000
Gain on disposal of other assets	–	326	–	–
Gross dividend income from:				
Subsidiary	–	–	**12,000**	4,800
Quoted investment	**27**	22	–	–
Gross rental income, maintenance fee and hiring charges, and car park income	**55,289**	53,224	–	–
Interest income on late payments	**45**	37	–	–
Property management and horticultural services income	**2,531**	1,866	–	–
Sale of completed development properties	**39,344**	–	–	–
Sale of development properties under development	–	179,936	–	–
	97,236	235,411	**12,000**	4,800

* See note 2.5 (iv)

20 OTHER INCOME

	Group		Company	
	2014	2013 Restated*	2014	2013
	$'000	$'000	$'000	$'000
Forfeiture/Compensation income	–	1,530	–	–
Interest income	**275**	116	**102**	75
Gain on disposal of property, plant and equipment	**41**	–	–	–
Others	**534**	362	**8**	28
	850	2,008	**110**	103

* See note 2.5 (iv)

21 NET FINANCE (EXPENSE)/INCOME

	Note	Group 2014 $'000	Group 2013 Restated* $'000	Company 2014 $'000	Company 2013 $'000
Financial guarantees amortised		–	–	**542**	1,025
Finance income		–	–	**542**	1,025
Interest expense:					
Loans and borrowings		**18,023**	16,651	**1,643**	1,256
Obligations under finance leases		–	1	–	–
Amortisation of transaction costs previously capitalised		**1,676**	2,077	**507**	450
		19,699	18,729	**2,150**	1,706
Interest expense capitalised in development properties	10	**(81)**	(497)	–	–
Interest expense capitalised in investment properties	8	**(873)**	–	–	–
Finance expense		**18,745**	18,232	**2,150**	1,706
Net finance (expense)/income recognised in profit or loss		**(18,745)**	(18,232)	**(1,608)**	(681)

* See note 2.5 (iv)

22 PROFIT BEFORE INCOME TAX

The following items have been included in arriving at profit before income tax:

	Note	Group 2014 $'000	Group 2013 Restated* $'000	Company 2014 $'000	Company 2013 $'000
Audit fees paid to:					
Auditors of the Company		**267**	175	**154**	80
Other auditors		**186**	223	–	–
Non-audit fees paid to:					
Auditors of the Company		**105**	79	**2**	1
Other auditors		**67**	77	**52**	59
Bad debts recovered		**3**	16	–	–
Direct operating expenses arising from investment properties:					
that generated rental income		**14,863**	13,179	–	–
that did not generate rental income		**252**	236	–	–
Directors' fees		**294**	326	**172**	210
Impairment loss on property, plant and equipment		**7**	5	–	–
Loss on disposal of other assets		**108**	10	–	–
Loss on disposal of property, plant and equipment, net		–	4	–	–
Operating lease expense		**863**	865	–	–
Rental income from investment properties		**44,777**	42,931	–	–
Staff costs	23	**22,214**	35,227	–	–

* See note 2.5 (iv)

23 STAFF COSTS

Group	2014 $'000	2013 Restated* $'000
Salaries and wages	**22,659**	27,367
Contributions to defined contribution plans	**1,078**	1,199
Others	**1,631**	10,668
	25,368	39,234
Staff costs capitalised in properties under development/completed properties	**(3,154)**	(4,007)
	22,214	35,227

* See note 2.5 (iv)

24 INCOME TAX EXPENSE

	Note	Group 2014 $'000	Group 2013 Restated* $'000	Company 2014 $'000	Company 2013 $'000
Income Tax Expense					
Current year		**11,870**	1,847	**–**	–
Underprovision in prior years		**228**	1,110	**–**	–
		12,098	2,957	**–**	–
Deferred Tax Expense					
Movements in temporary differences	17	**(6,147)**	3,133	**–**	–
Income tax expense		**5,951**	6,090	**–**	–
Reconciliation of Effective Tax Rate					
Profit before income tax		**70,027**	350,079	**29,360**	3,778
Income tax using Singapore tax rate at 17% (2013: 17%)		**11,905**	59,513	**4,991**	642
Effect of different tax rates in other countries		**(149)**	(10)	**–**	–
Income not subject to tax		**(11,264)**	(59,273)	**(5,522)**	(1,150)
Expenses not deductible for tax purposes		**3,362**	3,712	**531**	508
Tax benefits not recognised		**1,648**	1,262	**–**	–
Tax incentives		**(163)**	(313)	**–**	–
Utilisation of previously unrecognised tax losses		**(13)**	(296)	**–**	–
Unabsorbed losses and wear and tear allowances not recognised		**103**	309	**–**	–
Underprovision in prior years		**228**	1,110	**–**	–
Others		**294**	76	**–**	–
		5,951	6,090	**–**	–

Deferred tax assets have not been recognised in respect of the following temporary differences:

Group	2014 $'000	2013 Restated* $'000
Deductible temporary differences	**322**	285
Unutilised tax losses	**151,602**	136,203
	151,924	136,488

Deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the subsidiaries of the Group can utilise the benefits. However, the unutilised tax losses are available for offset against future taxable income subject to agreement with the relevant tax authorities.

* See note 2.5 (iv)

25 DIVIDEND

A first and final tax exempt (one-tier) dividend in respect of the previous financial year was paid by the Company and the Group as follows:

Company	2014 $'000	2013 $'000
Paid to owners of the Company 1.5 cents per ordinary share (2013: 0.6 cents)	**11,872**	4,748

Group	2014 $'000	2013 $'000
Paid to owners of the Company	**11,872**	4,748
Less: Dividends paid to subsidiary	**(2,422)**	(968)
	9,450	3,780

Subsequent to the reporting date, the following tax exempt (one-tier) dividends were proposed by the Directors. These exempt (one-tier) dividends have not been provided for:

Company	2014 $'000	2013 $'000
First and final dividend of 1.0 cent and special dividend of 1.0 cent (2013: first and final dividend of 1.5 cents) per ordinary share	**15,829**	11,872

26 CHANGES IN INTEREST IN A SUBSIDIARY

During the year ended 31 December 2013, the Group's subsidiary, Hong Fok Land International Limited ("HFLIL") cancelled 137,360,956 ordinary shares of HK$0.05 each which were previously issued to various parties in 2011. The cancelled shares were not held by the Group. These shares were cancelled as the directors of HFLIL noted that the issuance of the shares was inconsistent with certain compliance rules and regulations in Hong Kong. Arising thereof, HFLIL entered into deeds of acknowledgement to cancel the shares and the Group's effective interest in HFLIL will remain at the original shareholding level of 40.38%. As a result of the cancellation of shares, the Group recognised a decrease in NCI of $8,896,000 and an increase in retained profit of $8,896,000.

During the year ended 31 December 2013, the Company's wholly owned subsidiary Hong Fok Enterprises Limited acquired an aggregate of 17,782,206 ordinary shares of HFLIL at a consideration of HK$9,474,359 (approximately $1,544,000). Following the acquisition, the Company's aggregate interest (held through its wholly owned subsidiaries) in the shares of HFLIL increased from 40.38% to 41.57%. The Group recognised a decrease in NCI of approximately $5,138,000 and an increase in retained profit of approximately $3,594,000.

Arising from the above transactions, the Group's effective interest in Winfoong International Limited ("WIL") has also increased from 47.75% to 48.85% (38.92% direct interest in WIL and 9.93% interest in WIL through HFLIL).

During the year ended 31 December 2014, the Company's wholly owned subsidiary Hong Fok Enterprises Limited acquired an aggregate of 7,380,000 ordinary share of HFLIL at a consideration of HK$3,932,064 (approximately $670,000). Following the acquisition the Company's aggregate interest (held through its wholly owned subsidiaries) in the shares of HFLIL increased from 41.57% to 42.07%. The exercise of share options in WIL during the year ended 31 December 2014 also resulted in a dilution of the Group's effective interest in WIL.

Arising from the above transactions, the Group's effective interest in WIL increased from 48.85% to 48.89% (38.86% direct interest in WIL and 10.03% interest in WIL through HFLIL).

The Group recognised a decrease in NCI of approximately $2,250,000 and an increase in retained profit of approximately $1,580,000.

The following summarises the effect of changes in the Group's ownership interests in HFLIL and WIL:

	Hong Fok Land International Limited		Winfoong International Limited	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Group's ownership interest at 1 January	**165,128**	140,194	**24,911**	25,526
Effect of cancellation of shares	**–**	8,896	**–**	–
Effect of increase in Group's ownership interest	**2,269**	4,995	**(19)**	143
Share of comprehensive income	**13,912**	1,173	**(1,048)**	(2,025)
Translation differences	**3,125**	9,870	**353**	1,267
Group's ownership interest at 31 December	**184,434**	165,128	**24,197**	24,911

27 EARNINGS PER SHARE

The basic and diluted earnings per share of the Group are calculated based on the consolidated profit for the year of approximately $48,090,000 (2013: $300,530,000) and the weighted average number of ordinary shares outstanding of 630,020,501 (2013: 630,020,501), calculated as follows:

Weighted Average Number of Ordinary Shares

Group	**Note**	**2014 '000**	**2013 '000**
Issued ordinary shares at 1 January	14	**791,466**	791,466
Effect of ordinary shares held by an investee		**(161,445)**	(161,445)
Weighted average number of ordinary shares during the year		**630,021**	630,021

28 EMPLOYEE BENEFITS

A subsidiary of the Company, Winfoong International Limited ("WIL"), has a share option scheme which was adopted on 25 June 2013 whereby the Directors of WIL are authorised, at their discretion, to invite eligible participants including the Directors or any employee (whether full time or part time) of WIL or an affiliate and any consultant, agent, or advisor of WIL or an affiliate, to take up options at HK$1 consideration for each acceptance. The options vest from the date of grant and are then exercisable within a period of ten years. Each option gives the holder the right to subscribe for one ordinary share in WIL and is settled gross in shares.

(i) The terms and conditions of the grants are as follows:

	Number of Instruments	Vesting Conditions	Contractual Life of Options
Options granted to directors of WIL:			
on 18 December 2013	80,100,000	Immediate vest	10 years
Options granted to eligible employees of WIL:			
on 18 December 2013	108,300,000	Immediate vest	10 years
Total share options granted	188,400,000		

(ii) The number and weighted average exercise prices of share options are as follows:

	2014		2013	
	Weighted Average Exercise Price HK$	Number of Options '000	Weighted Average Exercise Price HK$	Number of Options '000
Outstanding at the date of grant and at the beginning of the year	**0.1168**	**188,400**	–	–
Exercised during the year	**0.1168**	**(4,150)**	–	–
Lapsed during the year	**0.1168**	**(950)**	–	–
Granted during the year	**–**	**–**	0.1168	188,400
Exercisable at the end of the year	**0.1168**	**183,300**	0.1168	188,400

The options outstanding at 31 December 2014 had an exercise price of HK$0.1168 and a weighted average remaining contractual life of 8.96 years.

The weighted average share price at the date of exercise for share options exercised in 2014 was HK$0.275 (2013: no option exercised).

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on binomial option pricing model. The contractual life of the share option is used as an input into the model and expectation of early exercise is incorporated into the model.

Fair Value of Share Options and Assumptions	2013
Fair value at the date of grant	HK$0.0505
Share price	HK$0.1100
Exercise price per share option	HK$0.1168
Expected volatility	66.57%
Option life	10 years
Expected dividend yield	Nil
Risk-free rate	2.24%
Exercise multiple	1.66 – 2.80

The expected volatility is based on the historical volatility of the share prices of WIL. Expected dividend yield is based on historical dividend payment record of WIL. The risk-free rate was determined with reference to the yield rate of the Hong Kong Exchange Fund Notes with duration similar to the expected life of the options. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the fair value measurement of the services received at the date of grant. There was no market condition associated with the share option grants.

29 FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit and Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

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 Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Management Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Management Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's other investments, trade and other receivables and cash and cash equivalents. The carrying amounts of financial assets in the statements of financial position represent the Group and the Company's maximum exposures to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of their financial assets.

Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries.

Intra-group financial guarantees comprise guarantees granted by the Company to financial institutions in respect of credit facilities amounting to $970,750,000 (2013: $790,750,000). The periods in which the financial guarantees expire are as follows:

Company	2014 $'000	2013 $'000
Within 1 year	**5,750**	605,750
After 1 year but within 5 years	**965,000**	185,000
	970,750	790,750

Trade and Other Receivables

Risk management policy

Concentration of credit risk relating to trade and other receivables is limited due to the Group's many varied customers. These customers are individuals and corporations, both local and multinational with different business activities. The Group's historical experience in the collection of trade receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for impairment loss is inherent in the Group's trade receivables.

Impairment

The ageing of trade and other receivables# at the reporting date was:

	Total $'000	Past Due but Not Impaired $'000	Neither Past Due Nor Impaired $'000	Individually Impaired $'000
Group				
2014				
Within 1 month	**31,444**	**234**	**31,210**	**–**
1 month to 3 months	**207**	**207**	**–**	**–**
3 months to 12 months	**133**	**125**	**–**	**8**
More than 12 months	**493**	**392**	**–**	**101**
	32,277	**958**	**31,210**	**109**
2013 (restated)*				
Within 1 month	13,641	103	13,538	–
1 month to 3 months	432	432	–	–
3 months to 12 months	205	182	–	23
More than 12 months	229	153	–	76
	14,507	870	13,538	99
Company				
2014				
Within 1 month	**20**	**–**	**20**	**–**

There were no trade and other receivables (excluding prepayments) as at 31 December 2013.

The amounts due from subsidiaries are repayable on demand and not impaired except for an amount of approximately $699,000 (2013 : $694,000) which is individually impaired.

\# *Exclude prepayments and others*
* See note 2.5 (iv)

The impairment loss in respect of trade receivables during the year was as follows:

Group	2014 $'000	2013 Restated* $'000
At 1 January	**99**	313
Impairment loss recognised	**19**	23
Impairment loss written back	**(4)**	–
Impairment loss utilised	**(5)**	(237)
At 31 December	**109**	99

* See note 2.5 (iv)

Based on historical default rates, the Group believes that no impairment loss is necessary in respect of trade receivables past due up to 30 days. These receivables comprise customers that have a good credit history with the Group. For receivables aged greater than 1 month and are past due, amounts are deemed to be not impaired if fully covered by deposits held by the Group.

Cash and Cash Equivalents

The Group and the Company's cash and cash equivalents at reporting date represent their maximum credit exposures on these assets. The cash and cash equivalents are placed with regulated financial institutions.

Liquidity risk

Risk Management Policy

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Exposure to Liquidity Risk

The following are the expected contractual maturities of financial liabilities, including interest payments which are computed using contractual rates or, if floating, based on rates at the reporting date and the earliest date the Group can be required to pay:

			---------- Cash Outflows ----------		
Group	**Carrying Amount $'000**	**Contractual Cash Outflows $'000**	**Within 1 Year $'000**	**After 1 Year but within 5 Years $'000**	**After 5 Years $'000**
2014					
Non-derivative Financial Liabilities					
Loans and borrowings#	**748,678**	**(818,809)**	**(95,804)**	**(723,005)**	**–**
Trade and other payables	**71,073**	**(71,073)**	**(58,600)**	**(10,963)**	**(1,510)**
	819,751	**(889,882)**	**(154,404)**	**(733,968)**	**(1,510)**
2013 (restated)*					
Non-derivative Financial Liabilities					
Loans and borrowings#	799,646	(854,395)	(485,113)	(248,033)	(121,249)
Trade and other payables	66,548	(66,548)	(50,803)	(14,045)	(1,700)
	866,194	(920,943)	(535,916)	(262,078)	(122,949)

Company	Carrying Amount $'000	Contractual Cash Outflows $'000	Cash Outflows: Within 1 Year $'000	After 1 Year but within 5 Years $'000	After 5 Years $'000
2014					
Non-derivative Financial Liabilities					
Loans and borrowings#	**220,000**	**(258,599)**	**(10,450)**	**(248,149)**	**–**
Trade and other payables	**4,578**	**(4,578)**	**(4,578)**	**–**	**–**
Amounts due to subsidiaries	**22,001**	**(22,001)**	**(22,001)**	**–**	**–**
Recognised financial liabilities	**246,579**	**(285,178)**	**(37,029)**	**(248,149)**	**–**
Financial guarantees	**–**	**(451,431)**	**(451,431)**	**–**	**–**
	246,579	**(736,609)**	**(488,460)**	**(248,149)**	**–**
2013 (restated)					
Non-derivative Financial Liabilities					
Loans and borrowings#	220,000	(269,049)	(10,450)	(137,350)	(121,249)
Trade and other payables	4,593	(4,593)	(4,593)	–	–
Amounts due to subsidiaries	22,002	(22,002)	(22,002)	–	–
Recognised financial liabilities	246,595	(295,644)	(37,045)	(137,350)	(121,249)
Financial guarantees	542	(477,046)	(477,046)	–	–
	247,137	(772,690)	(514,091)	(137,350)	(121,249)

\# *Gross of unamortised transaction cost*
* See note 2.5 (iv)

The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee.

Market risk
Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest Rate Risk
Risk management policy
The Group's exposure to changes in interest rates relates primarily to loans and borrowings. Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which interest income and expense could be impacted from an adverse movement in interest rates.

Exposure to interest rate risk
At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:

	Group Nominal Amount		Company Nominal Amount	
	2014	2013 Restated*	2014	2013
	$'000	$'000	$'000	$'000
Fixed Rate Instruments				
Loans and Borrowings	**220,000**	220,000	**220,000**	220,000
Variable Rate Instruments				
Loans and Borrowings	**528,678**	579,646	**–**	–

* See note 2.5 (iv)

Fair value sensitivity analysis for fixed rate instruments
The Group and the Company does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the profit or loss.

Sensitivity analysis for variable rate instruments
An increase/decrease of 100 basis points in interest rates on loans and borrowings, would decrease/increase the Group's profit before income tax for 2014 by approximately $4,663,000 (2013: $5,051,000). The analysis assumes that all other variables, in particular foreign currency rates, remain constant and that there is no change during the year in the amount of loans and borrowings as at reporting date. The analysis is performed on the same basis for 2013.

Foreign Currency Risk
The Group is not exposed to significant foreign currency risk on currencies other than the respective functional currencies of Group entities.

The Company is exposed to foreign currency risk on amounts due from subsidiaries and associates (mainly non-trade) that are denominated in Hong Kong dollar. The exposure to foreign currency risk amounts to approximately $34,151,000 (2013: $24,748,000) at the reporting date.

Exposure to currency risk is monitored on an ongoing basis and the Group and the Company endeavour to keep the net exposure at an acceptable level.

Sensitivity analysis – foreign currency risk
A 10% strengthening/weakening of the Singapore dollar against the Hong Kong dollar at the reporting date would decrease/increase the Company's profit before income tax for 2014 by approximately $3,415,000 (2013: $2,475,000). This analysis assumes that all other variables, in particular interest rates, remain constant.

There is no direct impact on the Company's equity arising from the foreign currency change in Singapore dollar against the Hong Kong dollar.

Equity Price Risk

The Group has investments in quoted equity securities and is exposed to price risk. These securities are listed on the SGX-ST and the Stock Exchange of Hong Kong Limited. The Group is not exposed to commodity price risk.

Sensitivity analysis – equity price risk

A 10% increase/decrease in the underlying equity prices on the quoted equity securities would increase/decrease the Group's profit before income tax by approximately $106,000 (2013: $119,000). There is no direct impact on the Group's equity.

Offsetting Financial Assets and Financial Liabilities

The disclosures set out in the table below include financial assets and financial liabilities that:

- are offset in the Group's and the Company's statement of financial position; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the statements of financial position.

The disclosed financial assets and financial liabilities meet the criteria for offsetting in the statement of financial position. This is because the Group currently has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Financial instruments such as trade receivables and trade payables are not disclosed in the table below unless they are offset in the statement of financial position.

Group	Gross Amount of Recognised Financial Assets/ (Liabilities) $'000	Gross Amount of Recognised Financial Assets/ (Liabilities) Offset in the Statement of Financial Position $'000	Net Amount of Financial Assets/ (Liabilities) Presented in the Statement of Financial Position $'000	Related Amount Not Offset in the Statement of Financial Position $'000	Net Amount $'000
2013					
Financial Assets					
Trade and other receivables	1,986	(1,986)	–	–	–
Financial Liabilities					
Trade and other payables	(3,215)	1,986	(1,229)	–	(1,229)

No amounts were offset at both the Group and Company level in 2014 and at the Company level in 2013.

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statements of financial position that are disclosed in the above tables are measured in the statements of financial position on the following basis:

- trade receivables and trade payables – amortised cost.

The amounts in the above tables that are offset in the statements of financial position are measured on the same basis.

30 FAIR VALUE OF ASSETS AND LIABILITIES

Accounting Classification and Fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying Amount						Fair Value			
	Note	Loans and Receivables	Held for Trading	Available-for-sale	Other Financial Liabilities Within the Scope of FRS 39	Other Financial Liabilities Outside the Scope of FRS 39	Total	Level 1	Level 2	Level 3	Total
Group		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2014											
Financial Assets Measured at Fair Value											
Unquoted equity securities, available-for-sale	9	–	–	613	–	–	613	–	613	–	613
Quoted equity securities, held for trading	9	–	1,056	–	–	–	1,056	1,056	–	–	1,056
Unquoted equity securities, held for trading	9	–	226	–	–	–	226	–	226	–	226
		–	1,282	613	–	–	1,895				
Financial Assets Not Measured at Fair Value											
Trade and other receivables#	11	32,168	–	–	–	–	32,168				
Cash and cash equivalents	13	93,071	–	–	–	–	93,071				
		125,239	–	–	–	–	125,239				
Financial Liabilities Not Measured at Fair Value											
Loans and borrowings	16	–	–	–	(739,418)	–	(739,418)				
Trade and other payables	18	–	–	–	(67,063)	(4,010)	(71,073)				
		–	–	–	(806,481)	(4,010)	(810,491)				

Group	Note	Carrying Amount Loans and Receivables $'000	Carrying Amount Held for Trading $'000	Carrying Amount Available-for-sale $'000	Carrying Amount Other Financial Liabilities Within the Scope of FRS 39 $'000	Carrying Amount Other Financial Liabilities Outside the Scope of FRS 39 $'000	Carrying Amount Total $'000	Fair Value Level 1 $'000	Fair Value Level 2 $'000	Fair Value Level 3 $'000	Fair Value Total $'000
2013 (restated)*											
Financial Assets Measured at Fair Value											
Unquoted equity securities, available-for-sale	9	–	–	399		–	399	–	399	–	399
Quoted equity securities, held for trading	9	–	1,192	–	–	–	1,192	1,192	–	–	1,192
Unquoted equity securities, held for trading	9	–	210	–	–	–	210	–	210	–	210
		–	1,402	399	–	–	1,801				
Financial Assets Not Measured at Fair Value											
Trade and other receivables#	11	14,408	–	–	–	–	14,408				
Cash and cash equivalents	13	37,469	–	–	–	–	37,469				
		51,877	–	–	–	–	51,877				
Financial Liabilities Not Measured at Fair Value											
Loans and borrowings	16	–	–	–	(796,719)	–	(796,719)				
Trade and other payables	18	–	–	–	(59,780)	(6,768)	(66,548)				
		–	–	–	(856,499)	(6,768)	(863,267)				

* See note 2.5 (iv)

\# *Exclude prepayments and others*

		Carrying Amount			Fair Value			
Company	Note	Loans and Receivables $'000	Other Financial Liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2014								
Financial Assets Not Measured at Fair Value								
Cash and cash equivalents	**13**	**29,581**	**–**	**29,581**				
Financial Liabilities Not Measured at Fair Value								
Loans and borrowings	**16**	**–**	**(218,262)**	**(218,262)**				
Trade and other payables	**18**	**–**	**(4,578)**	**(4,578)**				
		–	**(222,840)**	**(222,840)**				
2013								
Financial Assets Not Measured at Fair Value								
Cash and cash equivalents	13	20,077	–	20,077				
Financial Liabilities Not Measured at Fair Value								
Loans and borrowings	16	–	(217,755)	(217,755)				
Financial guarantees	16	–	(542)	(542)				
Trade and other payables	18	–	(4,593)	(4,593)				
		–	(222,890)	(222,890)				

Measurement of Fair Values

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

Type	Valuation Techniques	Significant Unobservable Inputs	Inter-relationship between Key Unobservable Inputs and Fair Value Measurement
Equity securities	*Market comparison technique:* The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee and the expected earnings before income tax, depreciation and amortisation ("EBITDA") of the investee. The estimate is adjusted for the effect of the non-marketability of the equity securities.	Not applicable	Not applicable

31 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Group's business. The Board defines capital as total equity, including non-controlling interest. The Board manages the capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Board may adjust the dividend payment to shareholders or issue new shares or other financial instruments.

The Group also monitors capital using a net debt to equity ratio, which is defined as net debt divided by total equity.

	2014 $'000	2013 Restated* $'000
Gross borrowings	**748,678**	799,646
Pledged bank deposits	**(4,856)**	(146)
Cash and cash equivalents	**(93,071)**	(37,469)
Net debt	**650,751**	762,031
Total equity	**1,797,826**	1,726,960
Net debt to equity ratio	**0.36**	0.44

* See note 2.5 (iv)

The Company seeks shareholders' approval annually to renew its share purchase mandate which authorises the Directors of the Company to make purchases of the Company's shares on the market subject to terms and conditions stated in the share purchase mandate. There were no changes in the Group's approach to capital management during the financial year.

Under the Housing Developers (Control and Licensing) Act, in order to qualify for a housing developer's license, certain subsidiary of the Company is required to maintain a minimum paid-up capital of $1,000,000. The subsidiary complied with the requirement throughout the year.

Other than as disclosed above, the Company and its subsidiaries are not subject to externally imposed capital requirements.

32 RELATED PARTIES

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	2014 $'000	2013 Restated* $'000
Group		
Contract services provided to key management personnel	**285**	86
Liquidated damages paid/payable to Directors and associates of the Group	**–**	210
Company		
Interest expense allocated to subsidiaries	**8,807**	7,645

* See note 2.5 (iv)

Employee benefits, excluding Directors' fees (as disclosed in Note 22), paid or payable to key management personnel during the year are as follows:

Group	2014 $'000	2013 Restated* $'000
Salary and wages	**15,111**	19,306
Post-employment benefits	**111**	5,657
Contributions to defined contribution plans	**107**	135
Others	**1,489**	2,615
	16,818	27,713

* See note 2.5 (iv)

In 2014, in addition to the related party information disclosed elsewhere in the financial statements,

(i) progress instalments of approximately $9,509,000 (2013: $1,425,000) were received/receivable for all units of Concourse Skyline sold to Directors and associates of the Group in previous years; and

(ii) rental deposits of approximately $4,000 (2013: $Nil) were received from a Director and his immediate family members.

In 2013, in addition to the related party information disclosed elsewhere in the financial statements,

(i) a late spouse of a Non-Executive Director subscribed to fixed rate notes issued by the Company, amounting to $250,000; and

(ii) a subsidiary of the Company paid a consideration of $16,000,000 to acquire certain investment properties from an associate of the Executive Directors.

33 SEGMENT REPORTING

The Group has 3 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different services, and are managed separately because they require different operating and marketing strategies. For each of the strategic business units, the Company's Board of Directors reviews internal management reports on at least a quarterly basis.

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

- *Property investment* – includes investments in investment properties
- *Property development and construction* – develops retail and residential units and sells residential units
- *Property management* – provides maintenance and management services

Other operations include investment holding, horticultural services and dormant companies. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2014 or 2013.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/(loss) before tax, as included in the internal management reports that are reviewed by the Company's Board of Directors. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about Reportable Segments

Business segments

Group	Property Investment $'000	Property Development and Construction $'000	Property Management $'000	Other Operations $'000	Total $'000
2014					
External revenue	54,447	40,231	1,748	810	97,236
Inter-segment revenue	213	13,474	447	14,467	28,601
Interest revenue	45	#	–	–	45
Finance expense	(15,354)	(926)	–	(2,465)	(18,745)
Reportable segment profit/(loss) before income tax	58,454	(1,189)	395	(6,482)	51,178
Share of results of associate and joint venture, net of tax					#
Other material non-cash items:					
Depreciation and amortisation	(1,337)	(117)	(14)	(562)	(2,030)
Gain on revaluation of investment properties	46,574	–	–	–	46,574
Allowances and impairment loss, net of reversals	(39)	–	–	(135)	(174)
Reportable segment assets	2,203,464	376,060	1,103	41,157	2,621,784
Capital expenditure:					
Investment properties	21,818	–	–	–	21,818
Property, plant and equipment	1,261	297	26	332	1,916
Reportable segment liabilities	699,552	55,349	344	55,246	810,491

Group	Property Investment $'000	Property Development and Construction $'000	Property Management $'000	Other Operations $'000	Total $'000
2013 (Restated)*					
External revenue	53,099	180,099	1,164	1,049	235,411
Inter-segment revenue	183	90,083	307	5,786	96,359
Interest revenue	37	–	–	–	37
Finance expense	(15,276)	(1,149)	–	(1,807)	(18,232)
Reportable segment profit/(loss) before income tax	334,908	21,183	233	(6,245)	350,079
Share of results of associate and joint venture, net of tax					–
Other material non-cash items:					
Depreciation and amortisation	(1,381)	(516)	(9)	(498)	(2,404)
Gain on revaluation of investment properties	328,713	–	–	–	328,713
Allowances and impairment loss, net of reversals	(39)	–	–	391	352
Reportable segment assets	2,113,425	446,740	672	38,594	2,599,431
Capital expenditure:					
Investment properties	84,084	–	–	–	84,084
Property, plant and equipment	268	40	29	4	341
Reportable segment liabilities	740,930	84,499	428	37,410	863,267

* See note 2.5 (iv)
\# Amount less than $1,000

Reconciliations of Reportable Segment Revenue, Profit or Loss, Assets and Liabilities and Other Material Items

Group	2014 $'000	2013 Restated* $'000
Revenue		
Total revenue for reportable segments	**110,560**	324,935
Revenue for other operations	**15,277**	6,835
Elimination of inter-segment revenue	**(28,601)**	(96,359)
	97,236	235,411
Profit or Loss		
Total profit for reportable segments	**57,660**	356,324
Loss for other operations	**(6,482)**	(6,245)
	51,178	350,079
Other unallocated profit or loss items	**18,849**	–
Share of results of associate and joint venture, net of tax	**#**	–
	70,027	350,079

* See note 2.5 (iv)
\# Amount less than $1,000

Group	2014 $'000	2013 Restated* $'000
Assets		
Total assets for reportable segments	**2,580,627**	2,560,837
Assets for other operations	**41,157**	38,594
Current tax assets	**22**	50
	2,621,806	2,599,481
Liabilities		
Total liabilities for reportable segments	**755,245**	825,857
Liabilities for other operations	**55,246**	37,410
Deferred tax liability	**917**	7,028
Current tax liabilities	**12,572**	2,226
	823,980	872,521

* See note 2.5 (iv)

Other Material Items

Group	Reportable Segments $'000	Other Operations $'000	Total $'000
2014			
Interest revenue	**45**	**–**	**45**
Finance expense	**(16,280)**	**(2,465)**	**(18,745)**
Depreciation and amortisation	**(1,468)**	**(562)**	**(2,030)**
Gain on revaluation of investment properties	**46,574**	**–**	**46,574**
Allowances and impairment loss, net of reversals	**(39)**	**(135)**	**(174)**
Capital expenditure:			
Investment properties	**21,818**	**–**	**21,818**
Property, plant and equipment	**1,584**	**332**	**1,916**
2013 (restated)*			
Interest revenue	37	–	37
Finance expense	(16,425)	(1,807)	(18,232)
Depreciation and amortisation	(1,906)	(498)	(2,404)
Gain on revaluation of investment properties	328,713	–	328,713
Allowances and impairment loss, net of reversals	(39)	391	352
Capital expenditure:			
Investment properties	84,084	–	84,084
Property, plant and equipment	337	4	341

* See note 2.5 (iv)

Geographical Segments

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

Group	Singapore $'000	Hong Kong $'000	Total $'000
2014			
External revenue	**89,096**	**8,140**	**97,236**
Non-current assets^	**1,795,903**	**399,892**	**2,195,795**
2013 (restated)*			
External revenue	227,808	7,603	235,411
Non-current assets^	1,718,835	378,965	2,097,800

^ *Non-current assets consist of property, plant and equipment, associates, investment properties and other assets (club memberships).*

* See note 2.5 (iv)

34 OPERATING LEASES

Leases as Lessee

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

At 31 December 2014, the total future minimum lease payments under non-cancellable operating leases in respect of properties are payable as follows:

Group	2014 $'000	2013 Restated* $'000
Within 1 year	**671**	968
After 1 year but within 5 years	**–**	651
	671	1,619

* See note 2.5 (iv)

Leases as Lessor

The Group leases out its investment and development properties. Non-cancellable operating lease rentals receivable as at 31 December are as follows:

Group	2014 $'000	2013 Restated* $'000
Within 1 year	**45,005**	42,977
After 1 year but within 5 years	**38,140**	23,225
After 5 years	**719**	–
	83,864	66,202

* See note 2.5 (iv)

35 COMMITMENTS

As at 31 December 2014 and 2013, the Group's capital commitments outstanding but not provided for in the consolidated financial statements were as follows:

Group	2014 $'000	2013 Restated* $'000
Contracted for:		
construction cost of investment and development properties	**52,987**	31,179
acquisition of investment properties	–	5,302
acquisition of property, plant and equipment	–	254
capital contribution to a subsidiary	–	2,156
renovation works	**155**	–
	53,142	38,891

* See note 2.5 (iv)

36 DISPOSAL OF SUBSIDIARY

On 6 June 2014, the Group entered into a sale and purchase agreement with an independent third party to dispose of 100% equity interests in Wellpool International Limited together with assignment of the amount due to the Group's fellow subsidiary of approximately $9,468,000 at a total cash consideration of RMB170,000,000 (equivalent to approximately $33,865,000). Wellpool International Limited and its non-wholly owned subsidiary with 92% equity interest namely Jiangmen Tangquan Real Estate Company Limited are principally engaged in property development. The disposal was completed on the same date.

Name of Subsidiary	Date of Disposal	Effective Interest Disposed
Wellpool International Limited	6 June 2014	42%

Effect of Disposal

Analysis of assets and liabilities of the subsidiary disposed were as follows:

	Group $'000
Development properties	2,009
Trade and other receivables	8
Cash and cash equivalents	1
Trade and other payables	(97)
Inter-company loans	(9,468)
Net liabilities disposed of	(7,547)
Gain on disposal of subsidiary:	
Cash consideration received, net of cash	33,864
Net liabilities disposed of	7,547
Assignment of inter-company loans	(9,468)
Direct expenses incurred	(4,518)
Realisation of reserves	424
Deferred consideration received in advance	(9,000)
Gain on disposal	18,849

Deferred consideration received in advance relates to the estimated tax exposure on the gain on disposal of the subsidiary, which the Group may be subjected to in accordance with the terms in the sales and purchase agreement. In determining the amount of tax exposure, the Group assessed many factors, including interpretation of the relevant tax law and current information available. This assessment relies on estimates and certain assumptions. The ultimate tax impact may change due to new information becoming available and agreement with the relevant tax authorities.

During the period from 1 January 2014 to 6 June 2014, the subsidiary had no material contribution to the Group's cash flows. The disposed subsidiary contributed net loss of approximately $68,000 to the Group from 1 January 2014 to the date of disposal.

37 COMPARATIVE INFORMATION

During 2014, the Company modified the classification of amounts due from/to subsidiaries to reflect more appropriately the nature of these amounts. Comparative amounts in the statement of financial position were restated for consistency. As a result, approximately $265,532,000 (2012: $92,687,000) and $22,002,000 (2012: $48,331,000) were reclassified from "subsidiaries" to "amounts due from subsidiaries" and "amounts due to subsidiaries" respectively.

Since the amounts are reclassifications within assets and liabilities in the statement of financial position, this reclassification did not have any effect on the statements of comprehensive income.

STATEMENT OF SHAREHOLDINGS

As At 24 March 2015

No. of Shares	:	791,465,621
Class of Shares	:	Ordinary Shares
Voting Rights	:	1 Vote Per Share
No. of Treasury Shares	:	Nil

Size of shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	47	0.88	1,244	0.00
100 – 1,000	321	5.99	192,650	0.02
1,001 – 10,000	2,849	53.15	16,106,977	2.04
10,001 – 1,000,000	2,099	39.16	108,491,936	13.71
1,000,001 and above	44	0.82	666,672,814	84.23
	5,360	100.00	791,465,621	100.00

TOP TWENTY SHAREHOLDERS

	Name of Shareholder	No. of Shares	%
1	Hong Fok Land Holding Limited	161,445,120	20.40
2	K.P. Cheong Investments Pte Ltd	86,754,168	10.96
3	P.C. Cheong Pte Ltd	86,754,168	10.96
4	Citibank Nominees Singapore Pte Ltd	52,646,540	6.65
5	Cheong Sim Eng	44,644,280	5.64
6	United Overseas Bank Nominees Pte Ltd	21,795,140	2.75
7	Maybank Kim Eng Securities Pte Ltd	20,144,540	2.55
8	Goodyear Realty Co Pte Ltd	17,165,235	2.17
9	DBS Nominees Pte Ltd	16,212,779	2.05
10	UOB Nominees (2006) Pte Ltd	16,104,800	2.03
11	CIMB Securities (Singapore) Pte Ltd	13,867,698	1.75
12	Cheong Lay Kheng	12,692,000	1.60
13	OCBC Securities Private Ltd	11,264,033	1.42
14	Raffles Nominees (Pte) Ltd	10,510,934	1.33
15	Cheong Pin Chuan	10,247,344	1.29
16	Morph Investments Ltd	9,300,000	1.18
17	Corporate Development Limited	7,376,160	0.93
18	DBS Vickers Securities (S) Pte Ltd	7,256,280	0.92
19	Cheong Puay Kheng	6,862,000	0.87
20	UOB Kay Hian Pte Ltd	4,486,526	0.57
		617,529,745	78.02

Based on the information available to the Company, as at 24 March 2015, approximately 27.80% of the issued ordinary shares of the Company are held in the hands of the public. Hence, Rule 723 of the Listing Manual of the SGX-ST has accordingly been complied with.

STATEMENT OF SHAREHOLDINGS
As At 24 March 2015

SUBSTANTIAL SHAREHOLDERS

	Name of Substantial Shareholder	**No. of Shares** **Shareholdings in which Substantial Shareholder has a Direct/Beneficial Interest**	**Shareholdings in which Substantial Shareholder is deemed to have an Interest**
1	K.P. Cheong Investments Pte Ltd	87,354,168	–
2	P.C. Cheong Pte Ltd	87,354,168	–
3	Cheong Sim Eng	93,778,060	40,923,435 (a)
4	Cheong Pin Chuan	10,343,344	128,980,959 (b)
5	Cheong Kim Pong	3,395,013	120,783,363 (c)
6	Hong Fok Land Holding Limited	161,445,120 (d)	–

(a) This represents Cheong Sim Eng's deemed interest in the issued ordinary shares in the capital of the Company ("Shares") held by his wife, Corporate Development Limited ("CDL") and Goodyear Realty Co Pte Ltd ("Goodyear").

(b) This represents Cheong Pin Chuan's deemed interest in the Shares held by his wife, P.C. Cheong Pte Ltd, CDL and Goodyear.

(c) This represents Cheong Kim Pong's deemed interest in the Shares held by his wife, K.P. Cheong Investments Pte Ltd and Goodyear.

(d) Hong Fok Land Holding Limited ("HF Land") is wholly owned indirectly by Hong Fok Land International Limited (incorporated in Bermuda) via Hong Fok Land Asia Limited, Hong Fok Land Investment Limited and Wellow Investment Limited. The aforesaid companies are deemed to have an interest in the Shares held by HF Land.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Seventh Annual General Meeting ("AGM") of **HONG FOK CORPORATION LIMITED** will be held at the Casuarina Suite B, Level 3, Raffles Hotel Singapore, 1 Beach Road, Singapore 189673 on Thursday, 30 April 2015 at 2.30 p.m. to transact the following business:

As Ordinary Business

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

2 To declare a first and final 1-tier tax exempt dividend at 1 cent per ordinary share and a special dividend at 1 cent per ordinary share for the year ended 31 December 2014 (2013: 1.5 cents). **(Resolution 2)**

3 To approve the payment of Directors' fees of $171,639 (2013: $209,566). **(Resolution 3)**

4 To re-elect Mr Cheong Sim Eng as Director retiring under Article 104 of the Articles of Association of the Company. **(Resolution 4)**

5 To re-elect Ms Cheong Hooi Kheng as Director retiring under Article 104 of the Articles of Association of the Company. **(Resolution 5)**

6 To re-elect Mr Lim Jun Xiong Steven as Director retiring under Article 114 of the Articles of Association of the Company. [See Explanatory Note (i)] **(Resolution 6)**

7 To re-elect Mr Chan Pengee, Adrian as Director retiring under Article 114 of the Articles of Association of the Company. [See Explanatory Note (ii)] **(Resolution 7)**

8 To re-appoint Messrs KPMG LLP, Public Accountants and Chartered Accountants, Singapore, as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

As Special Business

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

9 **General Authority to Allot and Issue New Shares in the Capital of the Company**

"That pursuant to Section 161 of the Companies Act, Chapter 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to issue shares and convertible securities in the capital of the Company, including additional convertible securities issued pursuant to adjustments and new shares arising from the conversion of convertible securities and additional convertible securities (whether by way of rights, bonus or otherwise or in pursuance of any offer, agreement or option made or granted by the Directors during the continuance of this authority which would or might require shares or convertible securities to be issued during the continuance of this authority or thereafter) at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit (notwithstanding that such issue of shares pursuant to the offer, agreement or option or the conversion of the convertible securities may occur after the expiration of the authority contained in this Resolution), provided that the aggregate number of shares and convertible securities to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares excluding treasury shares of the Company, and provided further that where shareholders of the Company with registered addresses in Singapore are not given an opportunity to participate in the same on a pro-rata basis, then the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to all existing shareholders of the Company must not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this Resolution, the percentage of the total number of issued shares excluding treasury shares shall be based on the Company's total number of issued shares excluding treasury shares at the time this Resolution is passed (after adjusting for (i) new shares arising from the conversion or exercise of convertible securities, (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with the Listing Manual of the SGX-ST and (iii) any subsequent bonus issue, consolidation or subdivision of shares), and unless revoked or varied by the Company in general meeting, such authority 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 (iii)] **(Resolution 9)**

10 **Renewal of the Share Buy-Back Mandate**

"That the Directors of the Company be and are hereby authorised to make purchases from time to time (whether by way of on-market purchases or off-market purchases in accordance with an equal access scheme) of up to 10% of the total number of issued shares excluding treasury shares of the Company as at the date of this Resolution at any price up to but not exceeding the Maximum Price (as defined in the "Guidelines on Share Purchases" (the "Guidelines") set out in the Appendix of the Addendum dated 14 April 2015 to shareholders of the Company (being an addendum to the Annual Report of the Company for the year ended 31 December 2014)) in accordance with the Guidelines and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier." [See Explanatory Note (iv)] **(Resolution 10)**

BY ORDER OF THE BOARD

KOH CHAY TIANG
LO SWEE OI
Company Secretaries

Singapore
14 April 2015

Notes:

(a) The Chairman of this AGM will be exercising his right under Article 81 of the Company's Articles of Association to demand a poll in respect of each of the resolutions to be put to the vote of members at the annual general meeting and at any adjournment thereof. Accordingly, each resolution at the annual general meeting will be voted on by way of a poll.

(b) A member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote at the same AGM. A proxy need not be a member of the Company.

(c) Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

(d) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 300 Beach Road #41-00, The Concourse, Singapore 199555 not less than 48 hours before the time appointed for holding the AGM.

(e) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

Explanatory Notes:

(i) Mr Lim Jun Xiong Steven, upon re-election as Director, shall remain as the Chairman of the Audit and Risk Management Committee and a member of the Nominating Committee and Remuneration Committee. He is considered as an Independent Director for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

(ii) Mr Chan Pengee, Adrian, upon re-election as Director, shall remain as a member of the Audit and Risk Management Committee, Nominating Committee and Remuneration Committee. He is considered as an Independent Director for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

(iii) The Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors of the Company from the date of this AGM until the next annual general meeting, to issue shares and convertible securities in the capital of the Company, without seeking any further approval from shareholders in general meeting but within the limitation imposed by the Resolution, for such purposes as the Directors may consider to be in the interests of the Company.

(iv) The Ordinary Resolution 10 proposed in item 10 above relates to the renewal of a mandate approved by shareholders of the Company at previous annual general meetings of the Company held on 30 June 1999, 31 May 2000, 18 May 2001, 20 May 2002, 20 May 2003, 30 April 2004, 22 April 2005, 28 April 2006, 26 April 2007, 25 April 2008, 29 April 2009, 28 April 2010, 28 April 2011, 26 April 2012, 29 April 2013 and 30 April 2014 authorising the Company to purchase its own shares subject to and in accordance with the "Guidelines on Share Purchases" set out in the Appendix of the Addendum dated 14 April 2015 to shareholders of the Company (being an addendum to the Annual Report of the Company for the year ended 31 December 2014), the Articles of Association of the Company, the Companies Act, Chapter 50, the Listing Manual of the SGX-ST and such other laws and regulations as may for the time being be applicable. The source of funds to be used for the purchase or acquisition of shares including the amount of financing and its impact on the Company's financial position are set out in Sections 5 and 6 of the Addendum dated 14 April 2015.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) 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 or service providers), 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 or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders to the first and final dividend of 1 cent per ordinary share and a special dividend of 1 cent per ordinary share (the "Proposed Dividends") at the Annual General Meeting of the Company to be held on 30 April 2015, the Share Transfer Books and Register of Members of the Company will be closed on 14 May 2015 for the purpose of determining shareholders' entitlements to the Proposed Dividends.

Duly completed registrable transfers received by the Company's Share Registrars, B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758 up to 5 p.m. on 13 May 2015 will be registered to determine Members' entitlements to such Proposed Dividends. Members whose securities accounts with The Central Depository (Pte) Limited are credited with the shares as at 5 p.m. on 13 May 2015 will be entitled to such Proposed Dividends.

The Proposed Dividends, if approved at the Annual General Meeting to be held on 30 April 2015, will be paid on 28 May 2015.

BY ORDER OF THE BOARD

KOH CHAY TIANG
LO SWEE OI
Company Secretaries

Singapore
14 April 2015

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HONG FOK CORPORATION LIMITED

(Company Registration No. 196700468N)
(Incorporated In the Republic of Singapore)

IMPORTANT:

1 For investors who have used their CPF monies to buy Hong Fok Corporation Limited's shares, this Annual Report is forwarded to them at the request of the 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 attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

(Please read note overleaf before completing this Form)

I / We, ____ (Name) _________________ (NRIC/Passport/Co. Registration No.)

of ____

being a member/members of **HONG FOK CORPORATION LIMITED** (the "Company") hereby appoint:

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

and/or (delete where appropriate)

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

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at the Casuarina Suite, Level 3, Raffles Hotel Singapore, 1 Beach Road, Singapore 189673 on **Thursday, 30 April 2015 at 2.30 p.m.** and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

(*Please indicate your vote "For" or "Against" with an "X" within the box provided.)

No.	Resolutions relating to:	*For	*Against
1	Directors' Report and Audited Financial Statements		
2	Declaration of First and Final Dividend of 1 cent and a Special Dividend of 1 cent		
3	Approval of Directors' Fees of $171,639		
4	Re-election of Mr Cheong Sim Eng as Director retiring under Article 104		
5	Re-election of Ms Cheong Hooi Kheng as Director retiring under Article 104		
6	Re-election of Mr Lim Jun Xiong Steven as Director retiring under Article 114		
7	Re-election of Mr Chan Pengee, Adrian as Director retiring under Article 114		
8	Re-appointment of Auditors		
9	Authority to issue Shares and Convertible Securities		
10	Renewal of Share Buy-Back Mandate		

Dated this __________ day of ______________________ 2015.

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

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

*Delete where inapplicable

IMPORTANT : PLEASE READ NOTES OVERLEAF

Notes:

1 Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2 A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3 Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/ her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4 The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 300 Beach Road #41-00, The Concourse, Singapore 199555, not less than 48 hours before the time appointed for holding the Meeting.

5 The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

6 A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 April 2015.

HONG FOK CORPORATION LIMITED
Co. Reg. No. 196700468N
300 Beach Road #41-00
The Concourse
Singapore 199555
Tel : 6292 8181
Fax : 6293 8689