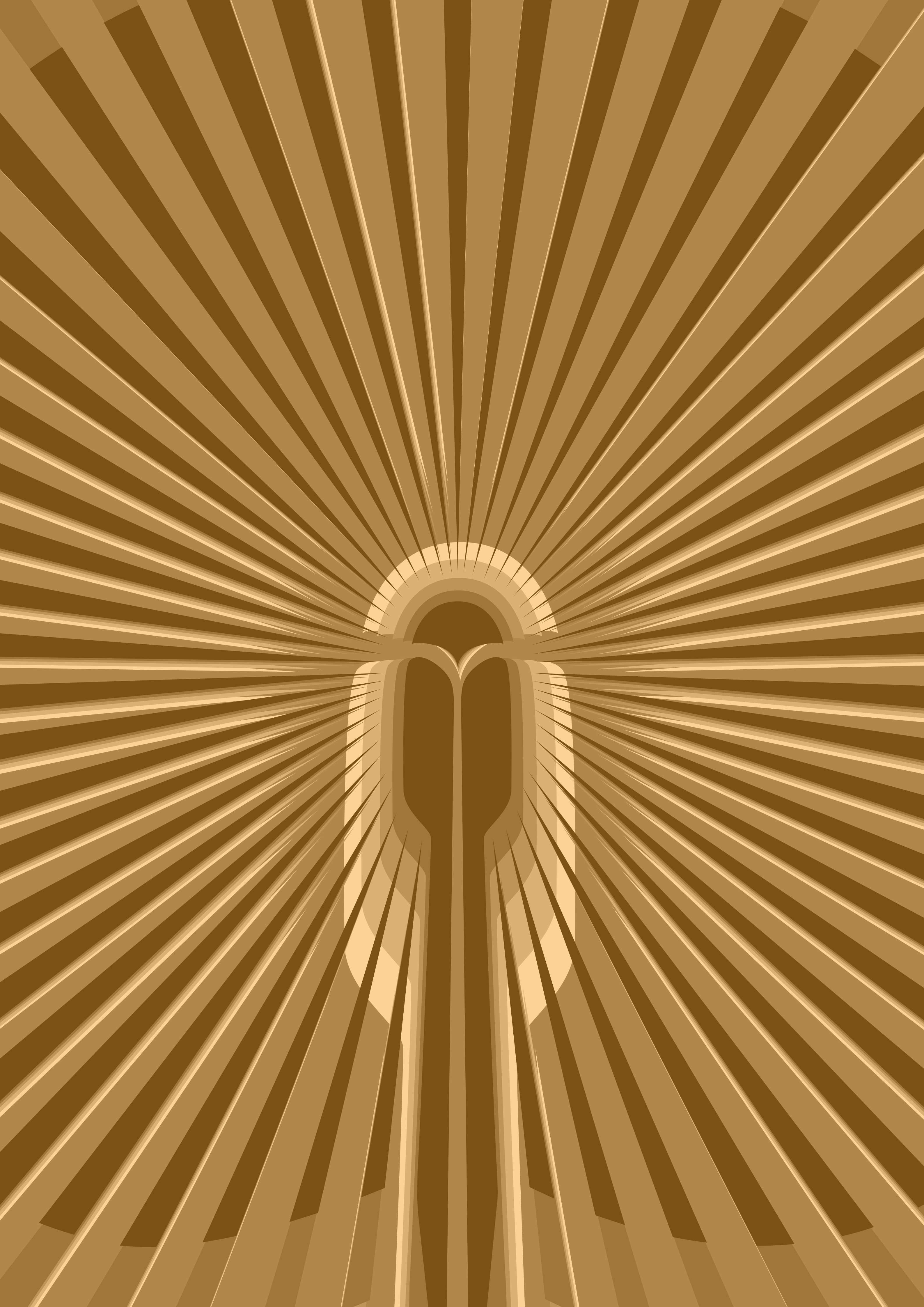
STRENGTHENING TODAY
SHAPING TOMORROW

2015
ANNUAL
REPORT

HONG FOK CORPORATION LIMITED



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Concourse Skyline

The Concourse

International Building

CHAIRMEN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, we are pleased to present the Annual Report of **HONG FOK CORPORATION LIMITED** (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2015 ("FY2015").

In the interests of upholding good corporate governance, we have decided to early adopt the enhanced auditors' report, which can be found on pages 26 to 29 of this Annual Report. The auditors' report is in a format that is required to be adopted by listed companies only for audits of financial statements for periods ending on or after 15 December 2016. Shareholders should find that this improved auditors' reporting format enhances the level of transparency and the quality of information shared with shareholders and has the effect of increasing the level of insight into and confidence in the audit of our financial statements.

REVIEW OF FY2015

In FY2015, the Group disposed of its shares in Winfoong International Limited ("WIL"), a company listed on The Stock Exchange of Hong Kong Limited.

In the past 3 years, the WIL Group had generated stable but insignificant revenue from their property-related business, horticultural services and securities trading business, and was loss making.

The sale of the WIL shares resulted in a gain of $82 million to the Group, of which $56 million was attributable to Owners of the Company.

The Group also recorded a gain of $136 million from the revaluation of its investment properties as at 31 December 2015, as assessed by professional valuers.

The property cooling measures implemented by the government continued to have a negative effect on potential home buyers and property investors in FY2015. Hence, the Group focused its attention on the leasing of the residential units of Concourse Skyline to mitigate the effect of depressed sales of its residential properties.

With these significant gains in FY2015, the Group posted an increase in profit attributable to Owners of the Company of $119 million in spite of a decrease in revenue of $37 million.

Our cash and cash equivalents increased from $93 million in the financial year ended 31 December 2014 to $164 million in FY2015 and this contributed to a decrease in the Group's gearing ratio from 0.36 times as at 31 December 2014 to 0.29 times as at 31 December 2015.

The Group's net asset per share as at 31 December 2015 was $2.36 as compared to $2.10 per share as at 31 December 2014.

BONUS ISSUE AND DIVIDEND

The Group is committed to giving recognition and rewarding its shareholders for their continuing support and loyalty. Hence, the Board has proposed a bonus share issue of one bonus share for every ten existing ordinary shares held by its shareholders. In addition, the Board has decided to recommend a first and final 1-tier tax-exempt dividend of 1.0 cent per share for FY2015.

PROSPECTS

The Group expects the demand for the leasing of office and residential units in Singapore to remain healthy. With the Singapore property cooling measures still in force and the uncertain economic outlook, the residential sales market is likely to remain sluggish.

The Group will strive to achieve good occupancy and rental rates on the leasing of its investment and development properties.

APPRECIATION

On behalf of the Board and management, we would like to thank Mr Tan Tock Han for his valuable contributions to the Group during his years of service. Mr Tan resigned from the Board with effect from 18 May 2015.

On behalf of the Board, we thank our shareholders, tenants, customers, bankers and business associates for their continued support to the Group.

We wish to express our sincere appreciation to members of the Board, the management and staff of the Group for their commitment, dedication and hard work.

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 44 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 31 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 36 years of experience in the property development and construction business.

Mr Chow Yew Hon is a Non-Executive Director, Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee and the Nominating 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 is a Certified Private Wealth Professional in Hong Kong. He has held various senior positions with major international banks in Singapore, Hong Kong, London and Los Angeles and has more than 38 years of financial and banking experience covering international, corporate & commercial banking and wealth management.

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 32 years of experience in the financial, trust and wealth management industry.

Mr Chan Pengee, Adrian is a Non-Executive Director, Chairman of the Nominating Committee and a member of the Audit and Risk Management 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 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 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 26 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 37 years of experience at management level.

Ms Cheong is also the Senior Manager of Hong Fok Land International Limited.

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 35 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 35 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 33 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 in Singapore 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 21 years of experience in property management in Singapore.

Mr Cheong Tze Hong, Marc
Director – Business Development of Hong Fok Land International Limited
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 15 years of experience in business development in Hong Kong.

Mr Cheong Tze Hian, Howard
Director – Project Management of Hong Fok Land International Limited
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 11 years of experience in project management in Hong Kong.

Mr Tsui Yeung Kun
Director – Business Development of Hong Fok Land International Limited
Mr Tsui's job responsibilities cover the identification and development of new business opportunities in Hong Kong, and project management in relation to the development and construction of properties in Hong Kong. He graduated from the Christian Brothers College in the United States of America with a Bachelor of Science degree in Accounting and Economics. He has over 6 years of experience in the management of investment funds and 11 years of experience in equity research and stock broking activities in Hong Kong.

CORPORATE INFORMATION

HONG FOK CORPORATION LIMITED is a public company listed on the Singapore Exchange Securities Trading Limited. 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 Lim Jun Xiong Steven

Mr Chan Pengee, Adrian

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr Lim Jun Xiong Steven
Chairman

Mr Chow Yew Hon

Mr Chan Pengee, Adrian

NOMINATING COMMITTEE

Mr Chan Pengee, Adrian
Chairman

Mr Chow Yew Hon

Mr Lim Jun Xiong Steven

REMUNERATION COMMITTEE

Mr Chow Yew Hon
Chairman

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
8 Robinson Road #03-00
ASO Building
Singapore 048544
Tel : 6593 4848
Fax : 6593 4847

REGISTERED OFFICE

300 Beach Road #41-00
The Concourse
Singapore 199555
Tel : 6292 8181
Fax : 6293 8689

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.

Artist Impression of YOTEL Singapore Orchard Road

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
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	All demolition and piling works completed. Reinforced concrete, mechanical & engineering and architectural works in progress/ 1st half of 2017	–	2,990	16,024	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
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

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.
(4) This represents 2 out of 16 units.

SUMMARY OF THE GROUP

SUMMARY OF THE RESULTS OF THE GROUP

For the last 5 financial years are as follows:

	2015 $'000	2014 $'000	2013 $'000	2012 $'000	2011 $'000
Revenue	60,567	97,236	235,411	163,515	129,236
Profit before share of results of associate and joint venture	200,570	70,027	350,079	97,657	167,252
Share of results of associate and joint venture, net of tax	(1)	#	–	–	(352)
Profit before tax	200,569	70,027	350,079	97,657	166,900
Tax expense	(1,330)	(5,951)	(6,090)	(4,524)	(3,158)
Profit for the year	199,239	64,076	343,989	93,133	163,742
Profit attributable to:					
Owners of the Company	167,003	48,090	300,530	77,609	163,742
Non-controlling interests	32,236	15,986	43,459	15,524	–
Profit for the year	199,239	64,076	343,989	93,133	163,742
Dividend	12,601	9,450	3,780	–	–

SUMMARY OF THE ASSETS AND LIABILITIES OF THE GROUP

For the last 5 financial years are as follows:

	2015 $'000	2014 $'000	2013 $'000	2012 $'000	2011 $'000
Property, plant and equipment	2,424	2,131	624	608	346
Associate and joint venture	#	#	–	–	165,753
Investment properties	2,390,839	2,193,456	2,096,825	1,671,384	1,257,660
Other non-current assets	4,381	5,677	896	694	399
Current assets	414,997	420,542	501,136	446,416	340,908
Total Assets	2,812,641	2,621,806	2,599,481	2,119,102	1,765,066
Share capital	186,688	186,688	186,688	186,688	186,688
Treasury shares	(101,050)	(101,050)	(101,050)	(101,050)	–
Reserves	1,398,069	1,235,928	1,189,987	859,156	949,327
	1,483,707	1,321,566	1,275,625	944,794	1,136,015
Non-controlling interests	500,987	476,260	451,335	430,621	–
Total Equity	1,984,694	1,797,826	1,726,960	1,375,415	1,136,015
Non-current liabilities	752,088	667,214	341,798	684,520	601,570
Current liabilities	75,859	156,766	530,723	59,167	27,481
Total Liabilities	827,947	823,980	872,521	743,687	629,051
Total Equity and Liabilities	2,812,641	2,621,806	2,599,481	2,119,102	1,765,066

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 year 2011.

Amount less than $1,000

FINANCIAL REPORT

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") 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 FY2015 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 page 21. The Company's Constitution permits Directors to attend meetings through the use of audio-visual communication equipment.

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 FY2015 on the latest changes to the financial reporting standards. Further, a briefing session was conducted for the Board during FY2015 on the amendments to the Companies Act. Various Directors attended seminars and courses organised by the Singapore Institute of Directors and other professional organisations, including the Corporate Governance Roundup 2015 and Remuneration Committee Chairmen Conversation, and a seminar in relation to the recent changes to the Listing Manual organised by the Singapore Exchange Limited.

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)

Mr Tan Tock Han resigned as a Director with effect from 18 May 2015. Before his resignation, Mr Tan Tock Han was an independent non-executive Director, a member of the Audit and Risk Management Committee, the Nominating Committee and the Remuneration Committee.

During FY2015, after taking into consideration the resignation of Mr Tan Tock Han, out of the six Directors, three were non-executive and independent. 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 Lim Jun Xiong Steven and Mr Chan Pengee, Adrian 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 Chief Executive Officer ("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. None of the current independent Directors has served on the Board for more than nine (9) years since the date of their appointment.

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 FY2015, 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.

During FY2015, the non-executive independent Directors had meetings without the presence of the management.

Chairman and Chief Executive Officer (Principle 3 of the Code)
Mr Cheong Pin Chuan and Mr Cheong Sim Eng were the Joint Chairmen of the Board and Joint Managing Directors of the Company.

The Code recommends that a lead independent director be appointed where the Chairman and the CEO (or equivalent) is the same person. Mr Chow Yew Hon had been appointed as the lead independent Director since 1 September 2014.

The Joint Chairmen bring with them a wealth of experience and lead the Board to ensure its effectiveness on all aspects of their role. Prior to each Board meeting, the Joint Chairmen determine the agenda for the meeting and instruct the Company Secretary to disseminate it to all Directors. They lead the meeting and ensure full discussion of each agenda item, as appropriate. The Joint Chairmen ensure that Board members engage the management in constructive debate on various matters including strategic issues. They also oversee the quality and timeliness of information flow between the management and the Board.

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 and 22.

The members of the nominating committee of the Company (the "Nominating Committee") were Mr Chan Pengee, Adrian (Chairman of the Nominating Committee, with effect from 18 May 2015), Mr Chow Yew Hon and Mr Lim Jun Xiong Steven.

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];

[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.

(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;

(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.

The Nominating Committee has recently recommended and the Board has adopted a policy that a Director should not have in aggregate more than six (6) listed company Board representations so as to be able to devote sufficient time and attention to the affairs of the Company. None of the Directors exceed this limit. In the view of the Nominating Committee, the Directors have demonstrated their commitment and effectiveness in discharging their duties and responsibilities and avoiding actual or potential conflicts of interest. 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. The Nominating Committee is satisfied that all Directors have discharged their duties adequately for FY2015.

All new appointments and selection of Directors are reviewed and proposed by the Nominating Committee. The Nominating Committee will first identify the knowledge, 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 Constitution whereby one-third of the Directors (or if their number is not three or a multiple of three, the number nearest to but not less than 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.

After assessing the contribution and performance of the retiring Directors, the Nominating Committee has recommended the re-election of Mr Cheong Pin Chuan and Mr Chow Yew Hon, who will be retiring by rotation at the forthcoming annual general meeting under Article 104 of the Company's Constitution. Mr Cheong Pin Chuan and Mr Chow Yew Hon have offered themselves for re-election and the Board has accepted the recommendations of the Nominating Committee.

Mr Chow Yew Hon will, upon re-election as a Director, remain as the lead independent Director, Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee and the Nominating Committee.

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 subsidiary companies or subsidiary corporations whose financial statements are consolidated with the Company's financial statements. 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 external Company Secretary and a consolidated report is submitted to the Nominating Committee. The responses are 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 executive Director and the Directors' fees payable to the non-executive Directors. During this process, the Hay Group and the Remuneration Committee assessed the contributions and performance of each Director in addition to considering other relevant factors.

Access to Information (Principle 6 of the Code)

The Board has separate and independent access to management and the Company Secretary, and is free to request for additional information as needed to make informed decisions. Management provides the Board with reports of the performance, financial position and prospects of the Group and those subsidiary companies or subsidiary corporations 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)

The members of the remuneration committee (the "Remuneration Committee") were Mr Chow Yew Hon (Chairman of the Remuneration Committee), Mr Lim Jun Xiong Steven and Mr Chan Pengee, Adrian.

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 any one or more employee share option scheme, share-incentive or award scheme from time to time established or implemented by the Company.

[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 Company.

[3] An "*immediate family member*" refers to spouse, child, adopted child, step-child, brother, sister and parent.

The Group's remuneration policy is to provide remuneration packages which will reward, retain and motivate its executives and Directors. During FY2015, 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, with the advice of the Hay Group, recommends to the Board specific remuneration packages appropriate for each executive Director and the Directors' fees payable to the non-executive Directors. The Board will then review and, if it deems fit, approve these accordingly.

The Company adopts a remuneration policy for executive Directors and key management personnel comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the performance of the Company and each individual's performance which is assessed based on the respective key performance indicators allocated to him. Staff appraisals are conducted once a year. The executive Directors do not receive Directors' fees. The corporate and individual performance-related elements of remuneration are designed to align the interests of executive Directors with those of shareholders in order to promote the long term success of the Company. The executive Directors and key management personnel had met their respective key performance indicators in respect of FY2015. 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.

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 executive Directors' remuneration in bands of $250,000 for FY2015 and the total fees payable to the non-executive Directors are set out below:

Remuneration Band Name of Executive Director	Salary %	Fees %	Bonus %	Other Benefits[4] %	Total %
$3,750,000 to $3,999,999					
Ms Cheong Hooi Kheng(1)	31	–	66	3	100
$4,000,000 to $5,249,999					
–	–	–	–	–	–
$5,250,000 to $5,499,999					
Mr Cheong Pin Chuan(1)	22	–	67	11	100
$5,500,000 to $5,999,999					
–	–	–	–	–	–
$6,000,000 to $6,249,999					
Mr Cheong Sim Eng(1)	34	–	62	4	100

Name of Non-executive Director	Salary $	Fees $	Bonus $	Other Benefits[4] $
Mr Chow Yew Hon	–	83,710	–	–
Mr Lim Jun Xiong Steven	–	76,210	–	–
Mr Chan Pengee, Adrian	–	69,920	–	–
Mr Tan Tock Han(2)	–	21,795	–	–

(1) The remuneration reflected in this table includes the remuneration given by those subsidiary companies or subsidiary corporations whose financial statements are consolidated with the Company's financial statements, aggregated together with the remuneration given by the Company.
(2) Mr Tan Tock Han resigned as an independent non-executive Director with effect from 18 May 2015.

The structure of the fees paid or payable to non-executive Directors of the Company for FY2015 is as follows:

Type of Appointment	Fee Per Annum ($)
Board of Directors	
Basic retainer	35,000
Lead Independent Director	10,000
Audit and Risk Management Committee	
Chairman	25,000
Member	12,500
Nominating and Remuneration Committee (combined fee) (1 January 2015 to 17 May 2015)	
Chairman	20,000
Member	10,000
Nominating Committee (with effect from 18 May 2015)	
Chairman	20,000
Member	10,000
Remuneration Committee (with effect from 18 May 2015)	
Chairman	20,000
Member	10,000

With effect from 18 May 2015, the Chairman and members of each of the Nominating Committee and the Remuneration Committee were paid separate fees in relation to each committee, instead of a combined fee for both the Nominating Committee and the Remuneration Committee.

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 FY2015 are set out in bands of $250,000 below:

Remuneration Band Designation of Executive	Salary %	Fees %	Bonus %	Other Benefits[5] %	Total %
Below $250,000					
Vice President (Property Management)	71	–	24	5	100
$250,000 to $499,999					
Vice President (Projects)	72	–	24	4	100
Vice President (Accounts and Finance)/ Company Secretary	70	–	29	1	100
Vice President (Marketing)	68	–	28	4	100
Director – Business Development of Winfoong International Limited ("WIL") and Director – Business Development of Hong Fok Land International Limited ("HFLIL")[6]	53	–	4	43	100
Director – Project Management of WIL and Director – Project Management of HFLIL[6]	45	–	3	52	100
$500,000 to $749,999					
–	–	–	–	–	–
$750,000 to $999,999					
Director – Business Development of HFLIL	34	–	65	1	100
$1,000,000 to $1,249,999					
Vice President (Administration and Personnel); Senior Manager of WIL and Senior Manager of HFLIL[6]	84	–	15	1	100

The aggregate amount of the total remuneration paid to the above eight (8) key management personnel was approximately $3,857,000.

Remuneration Packages of Employees who are Immediate Family Members of the Directors, or CEO of the Company

Certain employees, namely, (a) Ms Cheong Puay Kheng, the Vice President (Administration and Personnel), Senior Manager of WIL and Senior Manager of HFLIL, (b) Mr Cheong Tze Hong, Marc, the Director – Business Development of WIL and Director – Business Development of HFLIL and (c) Mr Cheong Tze Hian, Howard, the Director – Project Management of WIL and Director – Project Management of HFLIL, were employees of the Group whose remuneration exceeded $50,000 each during the financial year who are immediate family members of Mr Cheong Pin Chuan, Ms Cheong Hooi Kheng and Mr Cheong Sim Eng, who were Directors of the Company for FY2015. Ms Cheong Puay Kheng is a sibling of 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 Sim Eng and Ms Cheong Hooi Kheng. In addition, for FY2015, Mr Cheong Pin Chuan, Ms Cheong Hooi Kheng and Mr Cheong Sim Eng, who are siblings, were employees of the Group.

With effect from 27 November 2015, Ms Cheong Puay Kheng, Mr Cheong Tze Hong, Marc and Mr Cheong Tze Hian, Howard resigned from their positions as the Senior Manager of WIL, the Director – Business Development of WIL and the Director – Project Management of WIL respectively. With effect from 27 November 2015, Ms Cheong Puay Kheng, Mr Cheong Tze Hong, Marc and Mr Cheong Tze Hian, Howard were appointed as the Senior Manager of HFLIL, the Director – Business Development of HFLIL and the Director – Project Management of HFLIL respectively.

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

6 The accounts of the WIL Group and the HFLIL Group have been consolidated into the accounts of the Group for FY2015 for accounting purposes. Each of the Senior Manager of WIL, Director – Business Development of WIL and Director – Project Management of WIL resigned with effect from 27 November 2015 and were appointed as the Senior Manager of HFLIL, Director – Business Development of HFLIL and Director – Project Management of HFLIL respectively with effect from 27 November 2015. The above reflects the aggregate remuneration paid to them as the Senior Manager of WIL and Senior Manager of HFLIL, the Director – Business Development of WIL and Director – Business Development of HFLIL, and the Director – Project Management of WIL and Director – Project Management of HFLIL respectively.

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. For part of FY2015, WIL was one of the subsidiary corporations whose financial statements were consolidated with the Company's, and WIL had a share option scheme. However, as announced by the Company on 22 September 2015, the Group has ceased to have any interests in the shares of WIL with effect from 18 September 2015. As WIL has ceased to be a subsidiary corporation, the details of its share option scheme have not been disclosed.

ACCOUNTABILITY AND AUDIT (Principles 10, 11, 12 and 13 of the Code)

Audit and Risk Management Committee

The members of the audit and risk management Committee (the "Audit and Risk Management Committee") were Mr Lim Jun Xiong Steven (Chairman of the Audit and Risk Management Committee), Mr Chow Yew Hon and Mr Chan Pengee, Adrian. 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.

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 Singapore Exchange Securities Trading Limited ("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;

(c) 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;

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

(e) 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);

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

(g) 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;

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

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

(j) 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;

(k) 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;

(l) reviewing any matters relating to suspected fraud or irregularity, or suspected infringement of any Singapore laws, or regulations or rules of the 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;

(m) in addition to any requirements under the SGX-ST Listing Manual, reviewing, at least annually, any interested person transactions[7];

(n) determining and recommending to the Board for its approval, the nature and extent of significant risks in achieving the Board's strategic objectives;

(o) determining the Company's level of risk tolerance and risk policies, and overseeing Management in the design, implementation and monitoring of the Company's risk management and internal control systems;

(p) advising the Board on the Company's overall risk appetite, tolerance and strategy;

(q) overseeing and advising the Board on the current risk exposures and future risk strategy of the Company;

(r) in relation to risk assessment:

    (i) keeping under review the Company's overall risk assessment processes that inform the Board's decision making;

    (ii) reviewing regularly and approving the parameters used in these measures and the methodology adopted; and

    (iii) setting a process for the accurate and timely monitoring of large exposures and certain risk types of critical importance;

(s) reviewing the Company's capability to identify and manage new risk types;

(t) before a decision to proceed is taken by the Board, advising the Board on proposed strategic transactions, focusing in particular on risk aspects and implications for the risk tolerance of the Company, and taking independent external advice where appropriate and available;

(u) reviewing reports on any material breaches of risk limits and the adequacy of proposed action;

(v) reviewing the effectiveness of the Company's internal controls and risk management systems, and reviewing and approving the statements to be included in the annual report concerning the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls, and risk management systems;

(w) providing advice to the Remuneration Committee on risk weightings to be applied to performance objectives incorporated in executive remuneration;

[7] An "*interested person*" means: (i) a director, chief executive officer, or controlling shareholder of the Company; or (ii) an associate of any such director, chief executive officer, or controlling shareholder. An "*interested person transaction*" means a transaction between the Company, any of its subsidiaries, or associated companies provided the Company or the Company and its interested person(s) have control over the associate company, and an interested person.

(x) monitoring the independence of risk management functions throughout the organisation;

(y) reviewing promptly all relevant risk reports on the Company; and

(z) reviewing and monitoring Management's responsiveness to the findings.

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 FY2015, the Audit and Risk Management Committee met with the internal auditors and external auditors, in each case 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 FY2015, 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 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 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 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 23 (Profit Before 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 subsidiary companies or subsidiary corporations 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. No whistle blowing report was received in FY2015.

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.

COMMUNICATION WITH SHAREHOLDERS (Principles 14, 15 and 16 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 released via SGXNET. Shareholders are encouraged to attend the annual general meetings and extraordinary general meetings of the Company to ensure high level of accountability and to stay appraised of the Group's strategy and goals. 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 Secretary prepares minutes of general meetings that includes a summary of comments or queries made by shareholders during that meeting, and responses from the Board. Generally, during general meetings, shareholders are invited to raise questions, and this would be recorded in the minutes.

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 any dividends will be recommended by the Directors and the final dividend (if any) will be subject to the approval of the shareholders.

INTERESTED PERSON TRANSACTIONS

During FY2015, there were no interested person transactions (excluding transactions less than $100,000) entered into by the Group. The Company does not have a shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual of the SGX-ST.

MATERIAL CONTRACTS

Save for the interested person transactions disclosed 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 FY2015, 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 entire air conditioning system in International Building was replaced with environmentally friendly ones that consume less energy. The Group also issues circulars to encourage the tenants of The Concourse and International Building to be environmentally friendly, including engaging in paper recycling and reducing the unnecessary use of paper.

In March 2015, the Group participated in the World Wide Fund for Nature Earth Hour initiative by turning off the facade and non-essential lights through the night.

Hong Fok Land Ltd, a subsidiary company, had converted the roof terraces of The Concourse into roof gardens with landscape installation, and The Concourse was subsequently admitted into the Skyrise Greenery Incentive Scheme introduced by the National Parks Board.

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

The Group is committed to continue identifying opportunities to contribute to environmental sustainability.

DIRECTORS' ATTENDANCE AT BOARD, AUDIT AND RISK MANAGEMENT COMMITTEE, NOMINATING COMMITTEE AND REMUNERATION COMMITTEE MEETINGS FOR FY2015

	Board		Audit and Risk Management Committee	
	No. of Meetings (1)	Attendance	No. of Meetings (1)	Attendance
Executive Directors				
Mr Cheong Pin Chuan(2)	4	4	N.A.	N.A.
Mr Cheong Sim Eng	4	4	N.A.	N.A.
Ms Cheong Hooi Kheng	4	4	N.A.	N.A.
Independent and Non-Executive Directors				
Mr Chow Yew Hon	4	4	7	7
Mr Lim Jun Xiong Steven	4	4	7	7
Mr Chan Pengee, Adrian	4	4	7	7
Mr Tan Tock Han(3)	2	1	3	1

	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	2	2
Mr Lim Jun Xiong Steven	2	2	2	2
Mr Chan Pengee, Adrian	2	2	2	2
Mr Tan Tock Han(3)	1	1	1	1

(1) This refers to the number of meetings held during FY2015 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, generally participates in meetings via teleconference.
(3) Mr Tan Tock Han resigned as an independent non-executive director with effect from 18 May 2015.
N.A.: Not applicable

INFORMATION OF THE DIRECTORS

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 Pin Chuan	66	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	55	Bachelor of Arts	Joint Chairman of the Board	14 May 1990	30 April 2015
Ms Cheong Hooi Kheng (1)	63	Bachelor of Science Master of Business Administration	–	1 March 1989	30 April 2015
Mr Tan Tock Han (2)	69	–	Member of Audit and Risk Management Committee, Nominating Committee and Remuneration Committee	18 October 2001	30 April 2014
Mr Chow Yew Hon	65	Bachelor of Business Administration (Honours) Completed the Pacific Rim Bankers' Programme in the United States of America	Chairman of Remuneration Committee, and member of Audit and Risk Management Committee and Nominating Committee	1 April 2013	29 April 2013
Mr Lim Jun Xiong Steven	60	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	30 April 2015
Mr Chan Pengee, Adrian	51	Bachelor of Laws Member of the Singapore Academy of Law	Chairman of Nominating Committee and member of Audit and Risk Management Committee and Remuneration Committee	1 January 2015	30 April 2015

(1) Ms Cheong Hooi Kheng is also a director of KTL Global Limited.

(2) Mr Tan Tock Han resigned as an independent non-executive director with effect from 18 May 2015. Mr Tan Tock Han is also a director of KTL Global Limited.

DIRECTORS' STATEMENT

YEAR ENDED 31 DECEMBER 2015

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2015.

In our opinion:

(a) the financial statements set out on pages 30 to 84 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance 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 (the "Act") 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.

DIRECTORS

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

Executive Directors
Mr Cheong Pin Chuan
Mr Cheong Sim Eng
Ms Cheong Hooi Kheng

Non-Executive Directors[1]
Mr Lim Jun Xiong Steven
Mr Chow Yew Hon
Mr Chan Pengee, Adrian

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Act, particulars of interests of Directors who held office at the end of the financial year (including those held by their spouses and children who are less than 18 years of age) in shares, debentures, warrants and share options in the Company and in its subsidiary corporations (other than wholly owned subsidiary corporations) are as follows:

Name of Director and Corporation in which Interests are Held	Holdings at Beginning of the Year	Holdings at End of the Year
Hong Fok Corporation Limited		
Ordinary Shares		
Mr Cheong Pin Chuan		
– direct interest held	10,343,344	10,948,244
– deemed interests	128,980,959	128,980,959
Mr Cheong Sim Eng		
– direct interest held	93,322,160	94,400,760
– deemed interests	40,923,435	40,923,435
Ms Cheong Hooi Kheng		
– direct interest held	12,682,800	12,782,800

[1] *One of the Company's Directors, Mr Tan Tock Han, resigned with effect from 18 May 2015.*

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

* *As announced by the Company on 22 September 2015, the Group ceased to have any interests in the shares of Winfoong International Limited with effect from 18 September 2015.*

Except as disclosed in this statement, no Director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations 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 2016, except for Mr Cheong Pin Chuan and Mr Cheong Sim Eng whose direct interests held are 11,209,844 ordinary shares and 94,540,160 ordinary shares respectively as at 21 January 2016.

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, debentures, warrants or share options of the Company or any other body corporate.

SHARE OPTIONS

During the financial year, there were:

(a) no options granted by the Company or any of its subsidiary corporations to any person to take up unissued shares in the Company or its subsidiary corporations; 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.

AUDIT AND RISK MANAGEMENT COMMITTEE
The members of the Audit and Risk Management Committee during the year and at the date of this statement are:

Mr Lim Jun Xiong Steven (Chairman)
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 2012.

The Audit and Risk Management Committee has held nine meetings since the last Directors' Statement. 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 (including the external auditors' audit plan), the results of their examination (including the external auditors' audit report) and evaluation of the Company's internal accounting control system.

The Audit and Risk Management Committee also reviewed the following:

- assistance provided by the Group's officers and the Company'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;

- interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX-ST); and

- the scope and results of the Group's internal audit procedures.

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, subsidiary corporations 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
28 March 2016

MEMBERS OF THE COMPANY
HONG FOK CORPORATION LIMITED

Report on the Audit of the Financial Statements

Opinion
We have audited the accompanying financial statements of Hong Fok Corporation Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group, and the statement of comprehensive income and statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 30 to 84.

In our opinion, the accompanying 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 Singapore Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2015 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the financial performance and changes in equity of the Company for the year ended on that date.

Basis for Opinion
We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Classification of Investment Properties ($469,700,000)
(Refer to Note 2.4, Note 3.3, Note 3.5 and Note 8 to the Financial Statements)
Risk:
In 2014, the Group commenced the construction of a hotel and classified the hotel as an investment property. As at 31 December 2015, the Group has continued to classify the hotel under development as an investment property.

Classification of the hotel under development as investment property versus property, plant and equipment requires judgement and is determined by reference to the Group's intention and business model.

Investment property is re-measured at fair value with fair value changes recognised in profit or loss. Otherwise, it is carried at fair value less accumulated depreciation and impairment loss with fair value changes recognised in other comprehensive income.

The hotel will be managed by a third party operator upon completion. The assessment of whether the exposure to operating risks is substantially passed on to the third party operator is an area of critical accounting judgement. If exposure to operating risks substantially resides with the Group, the hotel under development is an own-used property. Otherwise, it is an investment property.

Accordingly, there is a risk that the property under development may be inappropriately classified.

Our response:
In analysing whether the exposure to operating risks is substantially passed on to the third party operator, we challenged the various criteria used by making enquiries of management and Directors, inspecting internal business plans and reading key terms of the hotel management agreement. We focused our work on the key assumptions used to project the net cash flows generated from the property to determine the Group's exposure to the variations in net cash flows.

We also assessed whether the Group's disclosure adequately described the key judgements exercised.

Our findings:
We found the Group's assessment of the classification of the hotel under development as an investment property to be appropriate based on the various criteria used. The key assumptions used to project the net cash flows generated from the property were found to be balanced and consistent with current available market data.

We also found the key judgements taken in arriving at the appropriate classification are proportionately disclosed.

Valuation of Investment Properties ($2,390,839,000)
(Refer to Note 2.4, Note 3.5 and Note 8 to the Financial Statements)
Risk:
As at 31 December 2015, the Group has a portfolio of investment properties. These investment properties are stated at fair value, determined based on independent external valuation.

The valuation of investment property requires significant judgement and estimation. There is a risk that the investment properties may not be fairly stated if the valuation methodology adopted and the key assumptions applied by the valuers are inappropriate. A small change in the key assumptions applied by the valuers such as the market comparable used, the vacancy allowance and capitalisation rate can have a significant impact to the valuation. For investment property under development, the estimated total cost of development and cost of work done will also impact the valuation.

Our response:
We assessed the competency, capability and objectivity of these valuers. We also read the terms of engagement of the valuers with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.

We considered the valuation methodologies used against those applied by other valuers for similar property type. We held discussions with the valuers and challenged their key assumptions applied by comparing them against market comparable, historical data and available industry data.

In addition, for the investment property under development, we evaluated the estimated total cost of development by comparing the underlying assumptions to relevant market evidences and, where the works were contracted to third parties, agreed to the contracts. We have also tested significant items of the cost components to source documents to ascertain the existence and accuracy of the cost of work done.

We also considered the adequacy of the description in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates.

Our findings:
We are satisfied with the competency, capability and objectivity of the external valuers. The valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methodologies adopted by the valuers were found to be appropriate and comparable to methods used for similar property types and those used in the prior years. The key assumptions used in the valuations were found to be balanced, and where available, consistent with current market data. For investment property under development, the estimated total cost of development and cost of work done were found to be supported. We also found the disclosures to be proportionate.

Valuation of Development Properties ($246,611,000)
(Refer to Note 2.4, Note 3.8 and Note 10 to the Financial Statements)
Risk:
As at 31 December 2015, the Group has residential properties for sale (or development properties) which are located in Singapore. These properties are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price, less estimated costs of completion and selling expenses.

Arising from the weak demand and the consequential oversupply of residential units in Singapore, the properties' transaction volumes and prices might face downward pressure. This could lead to future trends in this market departing from known trends based on past experience. There is therefore a risk that the estimated net realisable value exceeds the future selling prices, resulting in losses when these properties are sold.

Our response:
Where an independent external valuer was engaged, our procedures included assessment of the competency, capability and objectivity of the valuers. We also read the terms of engagement of the valuers with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.

We considered the valuation methodologies used against those applied by other valuers for similar property types. We compared the valuers' underlying assumptions on estimated selling prices to market comparables.

Where an independent external valuer was not engaged, we assessed the reasonableness of the Group's estimated selling prices of the development properties by independently validating to recent transacted sales prices of comparable properties. We also considered industry reports and forecasts on property market trends made by research analysts.

We also considered the adequacy of the Group's disclosure about the uncertainties of the carrying values of the development properties.

Our findings:
We are satisfied with the competency, capability and objectivity of the external valuers. The valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methodologies adopted by the valuers were found to be appropriate and comparable to the methods used for similar property types and those used in the prior years. The key assumptions used in the valuations were found to be balanced, and where available, consistent with current market data.

Where an independent external valuer was not engaged, we found that the Group's estimated selling prices to be balanced.

We considered that the Group's disclosures for development properties to be proportionate.

Responsibilities of Management and Directors 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 Act and FRSs, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Ms Teo Han Jo.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
28 March 2016

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	Group		Company	
		2015	2014	2015	2014
		$'000	$'000	$'000	$'000
Non-current Assets					
Property, plant and equipment	4	**2,424**	2,131	**–**	–
Subsidiaries	5	**–**	–	**233,106**	207,808
Associate and joint venture	7	**#**	#	**–**	–
Investment properties	8	**2,390,839**	2,193,456	**–**	–
Other assets	9	**185**	821	**–**	–
Pledged bank deposits	13	**4,196**	4,856	**–**	–
		2,397,644	2,201,264	**233,106**	207,808
Current Assets					
Other assets	9	**559**	1,282	**–**	–
Current tax assets		**342**	22	**–**	–
Development properties	10	**246,611**	292,332	**–**	–
Trade and other receivables	11	**3,726**	33,835	**39**	29
Amounts due from subsidiaries	12	**–**	–	**249,736**	253,730
Cash and cash equivalents	13	**163,759**	93,071	**33,294**	29,581
		414,997	420,542	**283,069**	283,340
Total Assets		**2,812,641**	2,621,806	**516,175**	491,148
Equity Attributable to Owners of the Company					
Share capital	14	**186,688**	186,688	**186,688**	186,688
Treasury shares	14	**(101,050)**	(101,050)	**–**	–
Reserves	15	**1,398,069**	1,235,928	**83,881**	59,619
		1,483,707	1,321,566	**270,569**	246,307
Non-controlling interests	6	**500,987**	476,260	**–**	–
Total Equity		**1,984,694**	1,797,826	**270,569**	246,307
Non-current Liabilities					
Loans and borrowings	16	**738,205**	661,910	**218,769**	218,262
Trade and other payables	17	**12,844**	4,387	**–**	–
Deferred tax liabilities	19	**1,039**	917	**–**	–
		752,088	667,214	**218,769**	218,262
Current Liabilities					
Loans and borrowings	16	**5,798**	77,508	**–**	–
Trade and other payables	17	**68,270**	66,686	**4,838**	4,578
Amounts due to subsidiaries	12	**–**	–	**21,999**	22,001
Current tax liabilities		**1,791**	12,572	**–**	–
		75,859	156,766	**26,837**	26,579
Total Liabilities		**827,947**	823,980	**245,606**	244,841
Total Equity and Liabilities		**2,812,641**	2,621,806	**516,175**	491,148

Amount less than $1,000

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

STATEMENTS OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Revenue	20	**60,567**	97,236	**15,900**	12,000
Other income	21	**1,269**	850	**225**	110
		61,836	98,086	**16,125**	12,110
Cost of sales of development properties		**(1,447)**	(28,732)	**–**	–
Depreciation of property, plant and equipment	4	**(472)**	(354)	**–**	–
Employee benefit expenses	24	**(31,901)**	(22,214)	**–**	–
Exchange gain, net		**94**	23	**2,375**	1,538
Gain on disposal of subsidiaries	36	**81,922**	18,849	**–**	–
Gain on revaluation of investment properties	8	**136,358**	46,574	**–**	–
Impairment loss on trade and other receivables and club membership		**(229)**	(39)	**–**	–
Changes in fair value of held for trading equity securities		**(16)**	(135)	**–**	–
Maintenance expense		**(10,708)**	(10,495)	**–**	–
Operating lease expense		**(994)**	(863)	**–**	–
Property tax		**(6,184)**	(5,249)	**–**	–
Net impairment loss on investments in subsidiaries, amount due from a subsidiary and receivables from associate written back		**–**	–	**25,158**	18,155
Rental commission		**(1,134)**	(616)	**–**	–
Other expenses		**(5,401)**	(6,063)	**(894)**	(835)
		221,724	88,772	**42,764**	30,968
Finance income	22	**–**	–	**–**	542
Finance expense	22	**(21,154)**	(18,745)	**(2,673)**	(2,150)
Net finance expense		**(21,154)**	(18,745)	**(2,673)**	(1,608)
Share of results of associate and joint venture, net of tax		**(1)**	#	**–**	–
Profit before tax	23	**200,569**	70,027	**40,091**	29,360
Tax expense	25	**(1,330)**	(5,951)	**–**	–
Profit for the year		**199,239**	64,076	**40,091**	29,360
Profit attributable to:					
Owners of the Company		**167,003**	48,090	**40,091**	29,360
Non-controlling interests		**32,236**	15,986	**–**	–
Profit for the year		**199,239**	64,076	**40,091**	29,360
Earnings per share (cents):					
Basic	28	**26.51**	7.63		
Diluted	28	**26.51**	7.63		

Amount less than $1,000

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

STATEMENTS OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Profit for the year		**199,239**	64,076	**40,091**	29,360
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to Profit or Loss:					
Realisation of reserves on disposal of subsidiaries	36	**(1,139)**	(424)	**–**	–
Exchange differences on translation of financial statements of foreign subsidiaries		**25,059**	15,222	**–**	–
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		**2,553**	1,659	**–**	–
Changes in fair value of available-for-sale unquoted equity securities		**–**	371	**–**	–
Other comprehensive income for the year, net of tax *		**26,473**	16,828	**–**	–
Total comprehensive income for the year		**225,712**	80,904	**40,091**	29,360
Total comprehensive income attributable to:					
Owners of the Company		**173,879**	53,764	**40,091**	29,360
Non-controlling interests		**51,833**	27,140	**–**	–
Total comprehensive income for the year		**225,712**	80,904	**40,091**	29,360

* *There was no tax effect on the components included in other comprehensive income.*

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015

Group	Note	Attributable to Owners of the Company 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		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									
Realisation of reserves on disposal of subsidiaries	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
Changes in fair value of available-for-sale unquoted equity securities		–	103	–	–	–	103	268	371
Total other comprehensive income, net of tax		–	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 2015

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									
Shares issued under share option scheme		–	47	–	–	–	47	35	82
Lapse of share options		–	(7)	–	–	7	–	–	–
Dividend paid	26	–	–	–	–	(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	27	–	–	–	–	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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015

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							
At 1 January 2015		186,688	3,330	(101,050)	(38,455)	1,271,053	1,321,566	476,260	1,797,826
Total comprehensive income for the year									
Profit for the year		–	–	–	–	167,003	167,003	32,236	199,239
Other comprehensive income									
Realisation of reserves on disposal of subsidiaries	36	–	(1,139)	–	–	–	(1,139)	–	(1,139)
Exchange differences on translation of financial statements of foreign subsidiaries		–	164	–	5,298	–	5,462	19,597	25,059
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		–	–	–	2,553	–	2,553	–	2,553
Total other comprehensive income, net of tax		–	(975)	–	7,851	–	6,876	19,597	26,473
Total comprehensive income for the year		–	(975)	–	7,851	167,003	173,879	51,833	225,712

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015

Group	Note	Attributable to Owners of the Company						Non-controlling Interests $'000	Total Equity $'000
		Share Capital $'000	Capital and Other Reserves $'000	Treasury Shares $'000	Translation Reserves $'000	Retained Profit $'000	Total $'000		
Transactions with Owners, recorded directly in Equity									
Contributions by and Distributions to Owners									
Share options exercised		–	16	–	–	20	36	49	85
Dividend paid	26	–	–	–	–	(12,601)	(12,601)	–	(12,601)
Total Contributions by and Distributions to Owners		–	16	–	–	(12,581)	(12,565)	49	(12,516)
Changes in Ownership Interests in Subsidiaries									
Disposal of subsidiaries	36	–	–	–	–	–	–	(25,947)	(25,947)
Acquisition of additional interest in a subsidiary	27	–	–	–	–	827	827	(1,208)	(381)
Total Changes in Ownership Interests in Subsidiaries		–	–	–	–	827	827	(27,155)	(26,328)
Total Transactions with Owners		–	16	–	–	(11,754)	(11,738)	(27,106)	(38,844)
At 31 December 2015		186,688	2,371	(101,050)	(30,604)	1,426,302	1,483,707	500,987	1,984,694

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

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015

Company	Note	Share Capital $'000	Retained Profit $'000	Total $'000
At 1 January 2014		186,688	42,131	228,819
Profit and total comprehensive income for the year		–	29,360	29,360
Transactions with Owners, recorded directly in Equity				
Distributions to Owners				
Dividend paid	26	–	(11,872)	(11,872)
Total Transactions with Owners		–	(11,872)	(11,872)
At 31 December 2014		186,688	59,619	246,307
At 1 January 2015		**186,688**	**59,619**	**246,307**
Profit and total comprehensive income for the year		**–**	**40,091**	**40,091**
Transactions with Owners, recorded directly in Equity				
Distributions to Owners				
Dividend paid	26	**–**	**(15,829)**	**(15,829)**
Total Transactions with Owners		**–**	**(15,829)**	**(15,829)**
At 31 December 2015		**186,688**	**83,881**	**270,569**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2015

	Note	2015 $'000	2014 $'000
Cash Flows From Operating Activities			
Profit before tax		**200,569**	70,027
Adjustments for:			
Share of results of associate and joint venture, net of tax		**1**	#
Depreciation of property, plant and equipment	4	**472**	354
Gain on disposal of subsidiaries	36	**(81,922)**	(18,849)
Gain on revaluation of investment properties	8	**(136,358)**	(46,574)
Gain on disposal of property, plant and equipment	21	**(62)**	(41)
Loss on disposal of other assets	23	**5**	108
Impairment loss on property, plant and equipment	23	**–**	7
Impairment loss on trade and other receivables and club membership		**229**	39
Changes in fair value of held for trading equity securities		**16**	135
Interest income		**(803)**	(320)
Interest expense	22	**21,154**	18,745
		3,301	23,631
Changes in working capital:			
Development properties		**3,286**	121,965
Trade and other receivables		**28,561**	3,360
Trade and other payables		**11,327**	(10,079)
Cash generated from operations		**46,475**	138,877
Interest income received		**764**	273
Income tax paid		**(12,381)**	(1,823)
Income tax refund		**4**	81
Net Cash From Operating Activities		**34,862**	137,408
Cash Flows From Investing Activities			
Capital expenditure on investment properties		**(31,399)**	(21,582)
Proceeds from disposal of property, plant and equipment		**68**	96
Proceeds from disposal of other assets		**652**	62
Purchase of property, plant and equipment		**(847)**	(1,916)
Purchase of other assets		**(29)**	(58)
Disposal of subsidiaries, net of cash	36	**102,312**	33,864
Net Cash From Investing Activities		**70,757**	10,466
Cash Flows From Financing Activities			
Decrease/(Increase) in pledged bank deposits		**790**	(4,704)
Interest expense paid		**(21,423)**	(16,485)
Dividend paid		**(12,601)**	(9,450)
Payment of transaction costs on loans and borrowings		**–**	(5,850)
Payment of finance lease liabilities		**(3)**	–
Payment of acquisition of ownership interests in subsidiaries with no change in control		**(381)**	(670)
Repayments of loans and borrowings		**(66,478)**	(556,117)
Proceeds from loans and borrowings		**64,532**	500,183
Proceeds from shares issued under share option scheme		**–**	83
Net Cash Used In Financing Activities		**(35,564)**	(93,010)
Net Increase In Cash and Cash Equivalents		**70,055**	54,864
Cash and cash equivalents at beginning of the year		**93,071**	37,469
Effect of exchange rate fluctuations on cash held		**633**	738
Cash and Cash Equivalents at End of the Year	13	**163,759**	93,071

Amount less than $1,000

Significant Non-cash Transactions

During the financial year, the Group purchased property, plant and equipment amounting to approximately $877,000 (2014: $1,916,000), of which $30,000 (2014: $Nil) was acquired under finance lease arrangements.

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 28 March 2016.

1 DOMICILE AND ACTIVITIES

Hong Fok Corporation Limited (the "Company") is incorporated in the Republic of Singapore. The Company's registered office is 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 financial statements of the Group as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as the "Group entities") and the Group's interest in equity-accounted investees.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements have been prepared in accordance with the 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

These 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 the financial statements in conformity with FRSs 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

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 8 – valuation of investment properties
- Note 10 – valuation of development properties

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 includes the management 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 : inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability fall into 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 30 – fair value of assets and liabilities

3 SIGNIFICANT ACCOUNTING POLICIES

The Group adopted new or new revised financial reporting standards and interpretations which became effective during the year. The initial adoption of these standards and interpretations did not have a material impact on the financial statements.

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.

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 date of acquisition, which is the date on which control is transferred to the Group.

The Group measures goodwill at the date of acquisition 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 date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument 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 date of acquisition. 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. Loss applicable to the NCI in a subsidiary is 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; for this purpose comparatives are restated. 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 loss 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 loss 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 loss is eliminated in the same way as unrealised gain, 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 the 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 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).

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 gain and loss 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.

3.3 Property, Plant and Equipment

(i) ***Recognition and Measurement***

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the assets to a working condition for their intended use.

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.

Buildings held for own use which are situated in leasehold land are measured at fair value less accumulated depreciation and impairment loss recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the building at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under fair value reserve, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the fair value reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

(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.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

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

Building	–	over the terms of leases of 40 years
Leasehold land	–	over the terms of leases of 35 to 52 years
Plant and equipment	–	3 to 5 years
Office equipment and furniture	–	1 to 5 years
Motor vehicles	–	10 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 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 assets.

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 date of acquisition 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 bank 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 loss and foreign currency differences on available-for-sale debt instrument, 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.

(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 date of acquisition. 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.

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 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 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.

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 loss is 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. Loss is 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 loss 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.

Associate and joint venture

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 3.9(ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial Assets

The carrying amounts of the Group's non-financial assets, other than investment properties and development properties, 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 is assessed at each reporting date for any indication 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) Dividend

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.

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 related 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 Long-term Employee Benefits

The Group's net obligation in respect of other long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield of Singapore Government Bond that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid. Any gain or loss is recognised in surplus or deficit in the period in which they arise.

(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.

3.13 Government Grants

An unconditional government grant related to investment properties is deducted against the carrying amount of the investment properties when the grant becomes receivable.

Any other unconditional government grant that compensates the Group for expenses already incurred is recognised in profit or loss of the period in which it becomes receivable.

3.14 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 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.

3.15 Operating Leases

Where the Group has the use of the assets under operating leases, payments made under these 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.

3.16 Tax Expense

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 or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of 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; and
- temporary differences related to investments in subsidiaries, associates and joint arrangements 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.

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. For investment property that is measured at fair value, the presumption that the carrying amount of the investment properties will be recovered through sale has not been rebutted. 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.

3.17 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 Company's Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3.18 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.

3.19 New Accounting Standards and Interpretations not yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. The Group is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Group and the Company.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for the adoption by the Group on 1 January 2018.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces a new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Company in accounting for revenue and financial instruments. These standards are expected to be relevant to the Group and the Company. The Group does not plan to adopt these standards early.

The Accounting Standards Council (ASC) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on SGX-ST will have to assess the impact of IFRS 1: *First-time adoption of IFRS* when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

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 2014						
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
At 1 January 2015						
Cost	**–**	**165**	**1,245**	**4,559**	**2,163**	**8,132**
Valuation	**21**	**–**	**–**	**–**	**–**	**21**
	21	**165**	**1,245**	**4,559**	**2,163**	**8,153**
Additions	**–**	**–**	**18**	**472**	**387**	**877**
Disposal of subsidiaries	**(21)**	**(175)**	**–**	**(696)**	**(102)**	**(994)**
Disposals	**–**	**–**	**(7)**	**(157)**	**(266)**	**(430)**
Translation differences	**–**	**10**	**–**	**153**	**50**	**213**
At 31 December 2015	**–**	**–**	**1,256**	**4,331**	**2,232**	**7,819**
Representing:						
Cost	**–**	**–**	**1,256**	**4,331**	**2,232**	**7,819**
Accumulated Depreciation						
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
At 1 January 2015	**2**	**45**	**1,213**	**3,796**	**966**	**6,022**
Depreciation for the year	**–**	**2**	**14**	**308**	**148**	**472**
Disposal of subsidiaries	**(2)**	**(49)**	**–**	**(696)**	**(102)**	**(849)**
Disposals	**–**	**–**	**(7)**	**(150)**	**(266)**	**(423)**
Translation differences	**–**	**2**	**–**	**142**	**29**	**173**
At 31 December 2015	**–**	**–**	**1,220**	**3,400**	**775**	**5,395**
Carrying Amounts						
At 1 January 2014	26	119	93	363	23	624
At 31 December 2014	19	120	32	763	1,197	2,131
At 31 December 2015	**–**	**–**	**36**	**931**	**1,457**	**2,424**

Assets Held under Finance Lease

The carrying amount of property, plant and equipment under finance lease is as follows:

Group	2015 $'000	2014 $'000
Motor vehicles	**141**	–

Building

Had the building held for own use been carried at cost less accumulated depreciation, the carrying amount would have been approximately $72,000 in 2014. The Group has disposed the building during the year (see Note 36).

5 SUBSIDIARIES

Company	2015 $'000	2014 $'000
Equity investment at cost	**183,431**	183,431
Impairment loss	**(115)**	(25,417)
	183,316	158,014
Financial guarantees	**25,439**	25,439
	208,755	183,453
Amounts due from subsidiaries	**32,670**	32,670
Impairment loss	**(8,319)**	(8,315)
	24,351	24,355
	233,106	207,808

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 loss and presented together with the Company's equity investment in the subsidiaries.

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 $25,302,000 (2014: $18,295,000) and an impairment loss of approximately $4,000 (2014: $49,000) that have been recognised in profit or loss of the Company. The recoverable amount has been determined based on the fair value less costs to sell. Fair value is based on the net asset value of the subsidiaries at the reporting date as, in the opinion of the Directors of the Company, the net asset value of the investment reasonably approximates the fair value.

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

Company	2015 $'000	2014 $'000
At 1 January	**(33,732)**	(51,978)
Impairment loss during the year	**(4)**	(49)
Impairment loss written back	**25,302**	18,295
At 31 December	**(8,434)**	(33,732)

Details of the subsidiaries are as follows:

	Name of Subsidiary	Principal Place of Business/Country of Incorporation	Effective Equity Held by the Group 2015 %	2014 %
	Yat Yuen Hong Holdings Pte. Ltd.	Singapore	**100.00**	100.00
	Yat Yuen Hong Company Limited and its subsidiary:	Singapore	**100.00**	100.00
	Super Homes Pte. Ltd.	Singapore	**100.00**	100.00
	Hong Fok Homes Pte Ltd	Singapore	**100.00**	100.00
	Cecil Land Development Pte. Ltd.	Singapore	**100.00**	100.00
	Hong Fok Land Ltd and its subsidiary:	Singapore	**100.00**	100.00
	Jemmax Investments Pte Ltd	Singapore	**100.00**	100.00
	Hong Fok Realty Pte. Ltd.	Singapore	**100.00**	100.00
	Vista Parking Services Pte Ltd	Singapore	**100.00**	100.00
	Hong Fok Nominees Pte. Ltd.	Singapore	**100.00**	100.00
	Broadway Development Pte Ltd	Singapore	**100.00**	100.00
	Turie Pte Ltd	Singapore	**100.00**	100.00
	Defoe Pte Ltd and its subsidiary:	Singapore	**100.00**	100.00
	Brisco Pte Ltd	Singapore	**100.00**	100.00
	Rasco Pte Ltd	Singapore	**100.00**	100.00
	Biogem International Pte Ltd	Singapore	**100.00**	100.00
	HFC Ventures.com Co Pte Ltd	Singapore	**100.00**	100.00
	Highfeature.com Co Pte Ltd	Singapore	**100.00**	100.00
	Warranty Management Pte Ltd	Singapore	**100.00**	100.00
	Maincon (Building) Pte. Ltd. and its subsidiary:	Singapore	**100.00**	100.00
	Elegant Homes Pte. Ltd.	Singapore	**100.00**	100.00
	Goldease Investments Limited and its subsidiaries:	Singapore/ British Virgin Islands	**100.00**	100.00
	Arundel Trading Pte Ltd	Singapore	**100.00**	100.00
	Firth Enterprises Pte Ltd	Singapore	**100.00**	100.00
	Hong Fok Development (Newton) Pte Ltd	Singapore	**100.00**	100.00
	Bishopgate Holdings Limited	Singapore/ British Virgin Islands	**100.00**	100.00
	Gold Triumph Assets Limited	Singapore/ British Virgin Islands	**100.00**	100.00
	Yorkwin Investments Limited	Singapore/ British Virgin Islands	**100.00**	100.00
	Hong Fok Corporation (Cayman) Limited	Hong Kong/ Cayman Islands	**100.00**	100.00
@	Hong Fok Corporation (H.K.) Limited and its subsidiaries:	Hong Kong	**100.00**	100.00
	Hong Fok Investment Holding Company Limited	Hong Kong	**100.00**	100.00
	Hong Fok Land International Limited	Hong Kong	**100.00**	100.00
	Hong Fok Nominees Limited	Hong Kong	**100.00**	100.00
	Supreme Homes Company Limited	Hong Kong	**100.00**	100.00
	Hong Fok Enterprises Limited	Hong Kong	**100.00**	100.00
@	Hong Fok Land International Limited and its significant subsidiaries:	Hong Kong/ Bermuda	**42.33**	42.07
	Hong Fok Land Asia Limited	Hong Kong/ British Virgin Islands	**42.33**	42.07
	Hong Fok Land Investment Limited	Hong Kong	**42.33**	42.07
	Hugoton Limited	Hong Kong	**42.33**	42.07
	Bossiney Limited	Hong Kong	**42.33**	42.07
	Magazine Gap Property Management Limited	Hong Kong	**42.33**	42.07
	Wellow Investment Limited	Hong Kong/ Republic of Liberia	**42.33**	42.07
	Giant Yield Limited	Hong Kong	**42.33**	42.07

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Effective Equity Held by the Group 2015 %	2014 %
Hong Fok Land Holding Limited	Hong Kong	**42.33**	42.07
Allied Crown Limited	Hong Kong	**42.33**	42.07
First Strategy Investments Limited	Hong Kong/ British Virgin Islands	**42.33**	42.07
Prestige Century Limited	Hong Kong/ British Virgin Islands	**42.33**	42.07
* Hong Fok Land Assets Pte. Ltd.	Singapore	**42.33**	42.07
^ Winfoong International Limited and its significant subsidiaries:	Hong Kong/ Bermuda	**–**	48.89
Winfoong Assets Limited	Hong Kong/ British Virgin Islands	**–**	48.89
Sui Chong International Resources Limited	Hong Kong	**–**	48.89
Sui Chong International (H.K.) Limited	Hong Kong	**–**	48.89
Donwin Property Limited	Hong Kong	**–**	48.89
Sui Chong Finance Limited	Hong Kong	**–**	48.89
Fort Property Management Limited	Hong Kong	**–**	48.89
Cheung Kee Garden Limited	Hong Kong	**–**	48.89
Super Homes Limited	Hong Kong	**–**	48.89
Century Elegant Limited	Hong Kong	**–**	48.89

@ *The consolidated financial statements are audited by Crowe Horwath (HK) CPA Limited.*
* *The financial statements are audited by Crowe Horwath First Trust LLP.*
^ *Winfoong International Limited is listed on The Stock Exchange of Hong Kong Limited and on 18 September 2015, the Group disposed of its shares of Winfoong International Limited to a third party (see Note 36).*

KPMG LLP is the auditor of all significant Singapore-incorporated subsidiaries except for Hong Fok Land Assets Pte. Ltd. Significant foreign-incorporated subsidiaries are audited by Crowe Horwath (HK) CPA Limited. 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 the voting power of Hong Fok Land International Limited, management has determined that the Group has de facto control over Hong Fok Land International Limited. This is on the basis that the remaining voting rights in the investee 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 2015 %	2014 %
Hong Fok Land International Limited and its subsidiaries	Hong Kong	Bermuda, Hong Kong, British Virgin Islands, Republic of Liberia, Singapore	**57.67**	57.93
^ Winfoong International Limited and its subsidiaries	Hong Kong	Bermuda, British Virgin Islands, Hong Kong	**–**	51.11

^ *Winfoong International Limited is listed on The Stock Exchange of Hong Kong Limited and on 18 September 2015, the Group disposed of its shares of Winfoong International Limited to a third party (see Note 36).*

The following summarised the financial information of each of the Group's subsidiaries with material NCI prepared in accordance with FRS.

Group	Hong Fok Land International Limited and its Subsidiaries $'000	Winfoong International Limited and its Subsidiaries $'000	Intra-group Elimination $'000	Total $'000
2015				
Non-current assets	**564,052**	**–**		
Current assets	**40,821**	**–**		
Non-current liabilities	**(76,061)**	**–**		
Current liabilities	**(17,705)**	**–**		
Net assets	**511,107**	**–**		
Net assets attributable to NCI	**294,755**	**–**	**206,232**	**500,987**
Revenue	**8,396**	**1,057**		
Profit/(Loss)	**24,790**	**(1,987)**		
Other comprehensive income	**(26,702)**	**285**		
Total comprehensive income	**(1,912)**	**(1,702)**		
Attributable to NCI:				
– Profit/(Loss)	**14,296**	**(1,017)**	**18,957**	**32,236**
– Other comprehensive income	**(15,399)**	**146**	**34,850**	**19,597**
– **Total comprehensive income**	**(1,103)**	**(871)**	**53,807**	**51,833**
Cash flows used in operating activities	**(3,119)**	**(2,144)**		
Cash flows from investing activities	**43,355**	**6**		
Cash flows (used in)/from financing activities (dividends to NCI: $Nil)	**(2,278)**	**85**		
Net increase/(decrease) in cash and cash equivalents	**37,958**	**(2,053)**		
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/(used in) operating activities	800	(3,089)		
Cash flows from investing activities	27,710	79		
Cash flows (used in)/from financing activities (dividends to NCI: $Nil)	(32,716)	83		
Net decrease in cash and cash equivalents	(4,206)	(2,927)		

7 ASSOCIATE AND JOINT VENTURE

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Interest in associate	**–**	–	**2,000**	2,000
Impairment loss	**–**	–	**(2,000)**	(2,000)
	–	–	**–**	–
Interest in joint venture	**#**	#	**–**	–
Impairment loss	**–**	–	**–**	–
	#	#	**–**	–
Amount due from associate	**–**	–	**2,099**	1,959
Impairment loss	**–**	–	**(2,099)**	(1,959)
	–	–	**–**	–
	#	#	**–**	–

\# Amount less than $1,000

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 movements in impairment loss on investment in associate were as follows:

Company	2015 $'000	2014 $'000
At 1 January	**(3,959)**	(3,873)
Impairment loss during the year	**(140)**	(86)
At 31 December	**(4,099)**	(3,959)

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	2015 $'000	2014 $'000
At 1 January	**2,193,456**	2,096,825
Transfer from development properties	**–**	10,917
Additions arising from subsequent expenditure recognised in carrying amount	**32,928**	21,818
Changes in fair value	**136,358**	46,574
Translation differences	**28,097**	17,322
At 31 December	**2,390,839**	2,193,456

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 five years. Subsequent renewals are negotiated with the lessee.

Changes in fair value are recognised as gain or loss in profit or loss. All gain or loss are unrealised.

The carrying amount of investment properties of the Group under operating leases at 31 December 2015 is approximately $1,921,138,000 (2014: $1,751,847,000).

During the year, interest expense capitalised as cost of investment properties amounted to approximately $1,529,000 (2014: $873,000) (see Note 22). The interest expense has been capitalised at rates ranging from approximately 2.3% to 2.9% (2014: 2.0% to 2.4%) per annum.

Security

The Group's investment properties with a carrying value of approximately $2,375,141,000 (2014: $2,177,766,000) have been mortgaged to secure loan facilities granted to the Group (see Note 16).

Classification of Investment Property

A subsidiary of the Company has appointed a hotel manager for its hotel which is currently under construction.

Judgement is required in assessing whether the relevant future hotel asset arising from the hotel development is 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 Group's exposure to the variations in the net cash flows generated from the property.

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

Measurement of Fair Value

(i) Fair value hierarchy

The fair value information of investment properties are set out as follows:

Group	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2015				
Leasehold properties	**–**	**18,730**	**1,591,789**	**1,610,519**
Freehold properties	**–**	**–**	**780,320**	**780,320**
	–	**18,730**	**2,372,109**	**2,390,839**
2014				
Leasehold properties	–	19,491	1,421,686	1,441,177
Freehold properties	–	–	752,279	752,279
	–	19,491	2,173,965	2,193,456

The fair values of investment properties were determined by external, independent valuers, having the appropriate recognised professional qualifications and recent experience in the locations and categories of the properties being valued. The independent valuers provide the fair values of the Group's investment properties portfolio at least annually.

(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:

	2015 $'000	2014 $'000
At 1 January	**2,173,965**	2,091,725
Additions arising from subsequent expenditure recognised in carrying amount	**32,928**	16,516
Changes in fair value		
– gain included in "Gain on revaluation of investment properties"	**137,119**	48,402
Translation differences	**28,097**	17,322
At 31 December	**2,372,109**	2,173,965

The following table shows the Group's valuation techniques used in measuring the fair values of investment properties, as well as the significant unobservable inputs used.

Valuation Techniques	Key Unobservable Inputs – Singapore	Key Unobservable Inputs – Hong Kong	Inter-relationship between Key Unobservable Inputs and Fair Value Measurement
Sales Comparison Method: The market comparable approach involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties	***Leasehold Properties:*** Prices per square feet ("psf"): $2,485 to $4,400 (2014: $1,990 to $2,800) ***Freehold Properties:*** Prices psf: $2,300 to $6,500 (2014: $2,300 to $6,700)	***Leasehold Properties:*** Prices psf: $4,195 to $4,560 (2014: $3,919 to $4,260)	The estimated fair value would increase (decrease) if: • price per square feet was higher (lower) for higher quality buildings and lease terms.
Investment Method: The investment approach is based on the income method which takes into consideration the estimated net rent (using the current and projected average rental rates and occupancy), and a capitalisation rate applicable to the nature and type of investment properties in question	***Leasehold Properties:*** Vacancy allowance: 5% (2014: 3%) Capitalisation rate: 4% (2014: 3.25%) ***Freehold Properties:*** Vacancy allowance: 3% (2014: 3% to 4%) Capitalisation rate: 3.5% (2014: 3.5%)	Not applicable	The estimated fair value would increase (decrease) if: • vacancy allowance was lower (higher); or • capitalisation rate was lower (higher).

Valuation Techniques	Key Unobservable Inputs		Inter-relationship between Key Unobservable Inputs and Fair Value Measurement
	Singapore	Hong Kong	
Residual Land Value Method: The value of the land is arrived at by deducting current 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. The as-is value is calculated as the value of vacant land plus the cost of work done as at the material date of the valuation	***Freehold Properties***: Gross development value: $698 million (2014: $698 million) Estimated total cost of development: $141 million (2014: $141 million) Cost of works done: $35.7 million (2014: $8.5 million)	Not applicable	The estimated fair value would increase (decrease) if: • gross development value was higher (lower); or • estimated total cost of development was lower (higher).

9 OTHER ASSETS

Group	2015 $'000	2014 $'000
Non-current		
Available-for-sale unquoted equity securities	**–**	613
Club membership	**185**	208
	185	821
Current		
Quoted equity securities, held for trading	**311**	1,056
Unquoted equity securities, held for trading	**248**	226
	559	1,282

In 2014, held for trading quoted equity securities with a carrying value of approximately $657,000 were pledged as collateral to secure a share margin trading facility granted to a subsidiary. The amount utilised under the facility granted was $Nil. These investments were disposed in 2015.

Movements of the club membership are set out as follows:

	2015 $'000	2014 $'000
Cost		
At 1 January	**383**	505
Addition	**–**	48
Disposal	**–**	(172)
Exchange translation difference	**5**	2
At 31 December	**388**	383
Accumulated Impairment		
At 1 January	**175**	154
Disposal	**–**	(3)
Impairment loss	**28**	24
At 31 December	**203**	175
Carrying Amount		
At 1 January	**208**	351
At 31 December	**185**	208

During the year, an impairment loss amounting to approximately $28,000 (2014: $24,000) was made to adjust the carrying value of club membership to its recoverable amount.

10 DEVELOPMENT PROPERTIES

Group	Note	2015 $'000	2014 $'000
Completed properties		**246,611**	292,332
Amount of interest capitalised during the year	22	**–**	81

In 2014, the interest expense capitalised as cost of development properties was $81,000 (see Note 22). The interest expense had been capitalised at rates ranging from approximately 1.2% to 1.3% per annum.

Development properties with a carrying amount of approximately $242,111,000 (2014: $244,197,000) are mortgaged for credit facilities extended to the Group (see Note 16).

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. 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		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade receivables	**1,630**	29,950	**–**	–
Impairment loss	**(310)**	(109)	**–**	–
	1,320	29,841	**–**	–
Other receivables	**302**	948	**19**	20
Deposits	**548**	1,379	**6**	–
	2,170	32,168	**25**	20
Prepayments and others	**1,556**	1,667	**14**	9
	3,726	33,835	**39**	29

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

12 AMOUNTS DUE FROM/TO SUBSIDIARIES

Company	2015 $'000	2014 $'000
Amounts due from subsidiaries:		
– Interest free	**91,085**	89,427
– Interest bearing	**159,350**	165,002
Impairment loss	**(699)**	(699)
	249,736	253,730
Amounts due to subsidiaries:		
– Interest free	**21,999**	22,001

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 32). The effective interest rate is approximately 4.75% (2014: 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	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Cash at banks and in hand	**16,781**	34,116	**11,294**	7,581
Deposits	**151,174**	63,811	**22,000**	22,000
Cash and cash equivalents	**167,955**	97,927	**33,294**	29,581
Less: Pledged bank deposits (non-current)	**(4,196)**	(4,856)	**–**	–
Cash and cash equivalents in the consolidated statement of cash flows (current)	**163,759**	93,071	**33,294**	29,581

In 2014, included in the above was an amount of approximately $22,237,000 held under the Housing Developers (Project Account) Rule, the use of which was subject to restriction imposed by the said Rules. In 2015, the amount has been released from the Housing Developers (Project Account) Rules.

The effective interest rate for the cash at banks and fixed deposits ranged from approximately 0% to 1.12% (2014: 0% to 0.81%) per annum. 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	
	2015 No. of Shares '000	2014 No. of Shares '000	2015 No. of Shares '000	2014 No. of Shares '000
Issued and Fully Paid Ordinary Shares, with no Par Value				
At 1 January	**791,466**	791,466	**791,466**	791,466
Treasury shares	**(161,445)**	(161,445)	**–**	–
At 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	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Capital reserve	**2,371**	2,371	**–**	–
Share option reserve	**–**	773	**–**	–
Fair value reserve	**–**	186	**–**	–
Translation reserves	**(30,604)**	(38,455)	**–**	–
Retained profit	**1,426,302**	1,271,053	**83,881**	59,619
	1,398,069	1,235,928	**83,881**	59,619

Capital reserve comprises 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 reserves comprise foreign currency 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 foreign currency differences on monetary items which form part of the Company's net investment in foreign subsidiaries.

16 LOANS AND BORROWINGS

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Non-current Liabilities					
Singapore dollar secured floating rate loans from financial institutions	a	**395,000**	395,000	**–**	–
Singapore dollar secured bank loan	a	**56,000**	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 bank loans	a	**75,021**	170	**–**	–
Unamortised transaction cost		**(7,816)**	(9,260)	**(1,231)**	(1,738)
		738,205	661,910	**218,769**	218,262
Current Liabilities					
Singapore dollar secured bank loan	a, c	**5,599**	5,843	**–**	–
Hong Kong dollar secured bank loans	a	**–**	71,449	**–**	–
Hong Kong dollar unsecured bank loan	c	**171**	216	**–**	–
Finance lease liabilities		**28**	–	**–**	–
		5,798	77,508	**–**	–
Total loans and borrowings		**744,003**	739,418	**218,769**	218,262

(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 $2,375,141,000 as at 31 December 2015 (2014: $2,177,766,000) (see Note 8);

(ii) mortgages on development properties with carrying values of approximately $242,111,000 as at 31 December 2015 (2014: $244,197,000) (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 $4,196,000 (2014: $4,856,000) (see Note 13).

(b) The Company has a "$600 million Multicurrency Debt Issuance Programme". Notes outstanding as at 31 December 2015 under this programme comprise $100 million (2014: $100 million) 5 year unsecured fixed rate notes due in January 2018 and $120 million (2014: $120 million) 6 year unsecured fixed rate notes due in March 2019. The amount of approximately $218,769,000 (2014: $218,262,000) as at 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.

Terms and Debt Repayment Schedule

	Currency	Nominal Interest Rate Per Annum	Year of Maturity	Carrying Amount $'000
Group				
2015				
Secured floating rate loans from financial institutions	SGD	1.50% - 2.79%	2019	**390,308**
Secured bank loan	SGD	2.28% - 2.86%	2018	**54,107**
Secured bank loan	SGD	1.64% - 2.27%	180 equal monthly instalments commencing on Oct 2012	**5,599**
Secured bank loans	HKD	1.11% - 1.96%	2020	**75,021**
Unsecured fixed rate notes issued by the Company	SGD	4.75%	2018 - 2019	**218,769**
Unsecured bank loan	HKD	5.00%	2018	**171**
Finance lease liabilities	SGD	4.18%	2016	**28**
				744,003
2014				
Secured floating rate loans from financial institutions	SGD	1.34% - 1.50%	2019	389,524
Secured bank loan	SGD	2.04% - 2.41%	2018	53,954
Secured bank loan	SGD	1.58% - 1.66%	180 equal monthly instalments commencing on Oct 2012	5,843
Secured bank loan	HKD	1.60% - 1.74%	2018	170
Secured bank loans	HKD	1.09% - 1.23%	2015	71,449
Unsecured fixed rate notes issued by the Company	SGD	4.75%	2018 - 2019	218,262
Unsecured bank loan	HKD	5.00%	2018	216
				739,418
Company				
2015				
Unsecured fixed rate notes issued by the Company	SGD	4.75%	2018 - 2019	**218,769**
2014				
Unsecured fixed rate notes issued by the Company	SGD	4.75%	2018 - 2019	218,262

Finance Lease Liabilities

Finance lease liabilities are repayable as follows:

Group	Principal $'000	Interest $'000	Payments $'000
2015			
Within one year	**28**	**#**	**28**

\# Amount less than $1,000

17 TRADE AND OTHER PAYABLES

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Non-current					
Trade payables		**1,520**	377	**–**	–
Provision for other long-term employee benefits	18	**11,324**	4,010	**–**	–
		12,844	4,387	**–**	–
Current					
Trade payables		**11,129**	9,966	**–**	–
Accrued operating expenses		**7,538**	5,028	**4,144**	3,954
Accrued development expenditure		**12,032**	16,340	**–**	–
Provision for bonus		**10,540**	8,156	**–**	–
Deferred consideration received in advance	36	**9,000**	9,000	**–**	–
Tenancy and other deposits		**14,374**	16,345	**–**	–
Unclaimed dividends		**484**	374	**484**	374
Other payables		**3,173**	1,477	**210**	250
		68,270	66,686	**4,838**	4,578

Trade payables include retention sum of approximately $7,768,000 (2014: $6,938,000) relating to properties under development.

18 OTHER LONG-TERM EMPLOYEE BENEFITS

Group	Note	2015 $'000	2014 $'000
Liability for other long-term employee benefits	17	**11,324**	4,010

The Group's net obligation in respect of other long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods.

Movements in the net obligation recognised in the statement of financial position during the year are as follows:

Group	Note	2015 $'000	2014 $'000
Present value of obligation:			
At 1 January		**4,010**	6,768
Provision during the year	24	**7,344**	201
Benefits paid		**(30)**	(2,959)
At 31 December		**11,324**	4,010

The interest rate used to discount estimated cash flows at the reporting date is 1% to 3% (2014: 1% to 3%).

The weighted average number of service years provided by the employees at the end of the reporting period is approximately 16.0 years (2014: 14.6 years).

19 DEFERRED TAX LIABILITIES

Movements in deferred tax liabilities of the Group during the year are as follows:

Group	At 1/1/2014 $'000	Recognised in Profit or Loss (Note 25) $'000	Translation Differences $'000	At 31/12/2014 $'000	Recognised in Profit or Loss (Note 25) $'000	Translation Differences $'000	At 31/12/2015 $'000
Development properties	7,028	(7,028)	–	–	–	–	–
Investment properties	–	881	36	917	56	66	1,039
	7,028	(6,147)	36	917	56	66	1,039

Unrecognised Deferred Tax Assets

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

Group	2015 $'000	2014 $'000
Deductible temporary differences	11,452	4,155
Unutilised tax losses	129,427	171,837
	140,879	175,992

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. The tax losses and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefit therefrom.

20 REVENUE

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Gross dividend income from:				
– subsidiary	–	–	15,900	12,000
– quoted investment	6	27	–	–
Gross rental income from				
– investment properties	42,201	44,770	–	–
– development properties	4,067	1,530	–	–
Maintenance fee, hiring charges, and car park income	9,791	8,989	–	–
Interest income on late payments	67	45	–	–
Property management and horticultural services income	2,835	2,531	–	–
Sale of completed development properties	1,600	39,344	–	–
	60,567	97,236	15,900	12,000

21 OTHER INCOME

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Forfeiture/Compensation Income	74	–	–	–
Interest income	736	275	225	102
Gain on disposal of property, plant and equipment	62	41	–	–
Others	397	534	–	8
	1,269	850	225	110

22 NET FINANCE EXPENSE

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Financial guarantees amortised		**–**	–	**–**	542
Finance income		**–**	–	**–**	542
Interest expense on:					
– bank loans and fixed rate notes		**21,238**	18,023	**2,166**	1,643
– finance lease liabilities		**#**	–	**–**	–
Amortisation of transaction costs previously capitalised		**1,445**	1,676	**507**	507
		22,683	19,699	**2,673**	2,150
Interest expense capitalised in investment properties	8	**(1,529)**	(873)	**–**	–
Interest expense capitalised in development properties	10	**–**	(81)	**–**	–
Finance expense		**21,154**	18,745	**2,673**	2,150
Net finance expense recognised in profit or loss		**(21,154)**	(18,745)	**(2,673)**	(1,608)

\# Amount less than $1,000

23 PROFIT BEFORE TAX

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

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Audit fees paid to:				
– Auditors of the Company	**282**	267	**160**	154
– Other auditors	**217**	186	**–**	–
Non-audit fees paid to:				
– Auditors of the Company	**38**	105	**2**	2
– Other auditors	**126**	67	**111**	52
Bad debts recovered	**–**	(3)	**–**	–
Direct operating expenses arising from investment properties:				
– that generated rental income	**15,412**	14,863	**–**	–
– that did not generate rental income	**265**	252	**–**	–
Directors' fees	**349**	294	**252**	172
Impairment loss on property, plant and equipment	**–**	7	**–**	–
Loss on disposal of other assets	**5**	108	**–**	–

24 EMPLOYEE BENEFIT EXPENSES

Group	Note	2015 $'000	2014 $'000
Salaries and wages		**24,897**	22,659
Contributions to defined contribution plans		**1,019**	1,078
Other long-term employee benefits	18	**7,344**	201
Others		**1,221**	1,430
		34,481	25,368
Employee benefit expenses capitalised in properties under development		**(2,580)**	(3,154)
		31,901	22,214

25 TAX EXPENSE

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Current Tax Expense					
Current year		**1,620**	11,870	**–**	–
Adjustment in prior years		**(346)**	228	**–**	–
		1,274	12,098	**–**	–
Deferred Tax Expense					
Current year	19	**56**	(6,147)	**–**	–
Tax Expense		**1,330**	5,951	**–**	–
Reconciliation of Effective Tax Rate					
Profit before tax		**200,569**	70,027	**40,091**	29,360
Income tax using the Singapore tax rate at 17% (2014: 17%)		**34,097**	11,905	**6,815**	4,991
Effect of tax rates in foreign jurisdictions		**(388)**	(149)	**–**	–
Tax exempt income		**(37,691)**	(11,264)	**(7,446)**	(5,522)
Non-deductible expenses		**3,424**	3,465	**631**	531
Deferred tax assets not recognised		**2,601**	1,648	**–**	–
Tax incentives		**(228)**	(163)	**–**	–
Utilisation of previously unrecognised tax losses		**(145)**	(13)	**–**	–
Adjustment in prior years		**(346)**	228	**–**	–
Others		**6**	294	**–**	–
		1,330	5,951	**–**	–

26 DIVIDEND

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

Company	2015 $'000	2014 $'000
Paid to Owners of the Company		
First and final dividend of 1.0 cent and special dividend of 1.0 cent (2014: first and final dividend of 1.5 cents) per ordinary share	**15,829**	11,872

Group	2015 $'000	2014 $'000
Paid to Owners of the Company	**15,829**	11,872
Dividend paid to subsidiary	**(3,228)**	(2,422)
	12,601	9,450

Subsequent to the reporting date, the following tax exempt (one-tier) dividend was proposed by the Directors. This exempt (one-tier) dividend has not been provided for:

Company	2015 $'000	2014 $'000
First and final dividend of 1.0 cent (2014: first and final dividend of 1.0 cent and special dividend of 1.0 cent) per ordinary share	**7,915**	15,829

Subsequent to the reporting date, the Directors also proposed a bonus issue to shareholders on the basis of one bonus share for every ten existing ordinary shares in the capital of the Company. The proposed bonus issue is subject to certain approvals being obtained.

The above proposed dividend of approximately $7,915,000 is based on the total number of issued shares of the Company as at 31 December 2015, without including the number of shares to be issued pursuant to this proposed bonus share issue.

27 CHANGES IN INTEREST IN A SUBSIDIARY

During the year ended 31 December 2014, the Company's wholly owned subsidiary Hong Fok Enterprises Limited ("HFE") acquired an aggregate of 7,380,000 ordinary shares of Hong Fok Land International Limited ("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 Winfoong International Limited ("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).

During the year ended 31 December 2015, the Company's wholly owned subsidiary HFE acquired an aggregate of 3,917,000 ordinary shares of HFLIL at a consideration of HK$2,086,978 (approximately $379,000). Following the acquisition the Company's aggregate interest (held through its wholly owned subsidiaries) in the shares of HFLIL increased from 42.07% to 42.33%.

The Group recognised a decrease in NCI of approximately $1,208,000 (2014: $2,250,000) and an increase in retained profit of approximately $827,000 (2014: $1,580,000) as a result of the above changes.

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

	Hong Fok Land International Limited $'000
2015	
Group's ownership interest at 1 January	**184,434**
Effect of increase in Group's ownership interest	**1,208**
Share of comprehensive income	**17,611**
Translation differences	**5,973**
Group's ownership interest at 31 December	**209,226**

	Hong Fok Land International Limited $'000	Winfoong International Limited $'000
2014		
Group's ownership interest at 1 January	165,128	24,911
Effect of increase in Group's ownership interest	2,269	(19)
Share of comprehensive income	13,912	(1,048)
Translation differences	3,125	353
Group's ownership interest at 31 December	184,434	24,197

28 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share at 31 December 2015 was based on the consolidated profit attributable to ordinary shareholders of approximately $167,003,000 (2014: $48,090,000); and the weighted average number of ordinary shares outstanding of approximately 630,021,000 (2014: 630,021,000), calculated as follows:

Weighted Average Number of Ordinary Shares

Group	Note	2015 '000	2014 '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

The weighted average number of ordinary shares detailed above is used for both the basic and diluted earnings per share as there are no dilutive potential ordinary shares.

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.

Rental deposits are received where appropriate, to reduce credit risk.

The carrying amounts of financial assets in the statements of financial position represent the Group's 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 given by the Company to financial institutions in respect of credit facilities granted to subsidiaries. The maximum exposure of the Company is $970,750,000 (2014: $970,750,000). At the end of reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantees. The periods in which the financial guarantees expire are as follows:

Company	2015 $'000	2014 $'000
Within 1 year	**5,750**	5,750
After 1 year but within 5 years	**965,000**	965,000
	970,750	970,750

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 Loss

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				
2015				
Within 1 month	**1,236**	**282**	**952**	**2**
1 month to 3 months	**190**	**152**	**–**	**38**
3 months to 12 months	**525**	**360**	**–**	**165**
More than 12 months	**529**	**424**	**–**	**105**
	2,480	**1,218**	**952**	**310**

	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
Company				
2015				
Within 1 month	**25**	**–**	**25**	**–**
2014				
Within 1 month	20	–	20	–

Exclude prepayments and others.

The amounts due from subsidiaries are repayable on demand and not impaired except for an amount of approximately $699,000 (2014: $699,000) which is individually impaired.

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

Group	2015 $'000	2014 $'000
At 1 January	**109**	99
Impairment loss recognised	**205**	19
Impairment loss written back	**(4)**	(4)
Impairment loss utilised	**–**	(5)
At 31 December	**310**	109

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. Trade and other receivables comprise customers that have a good credit history with the Group. For receivables aged greater than one 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's 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 and excluding the impact of netting arrangements:

	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
Group					
2015					
Non-derivative Financial Liabilities					
Loans and borrowings	**744,003**	**(828,831)**	**(30,380)**	**(798,451)**	**–**
Trade and other payables*	**69,790**	**(69,790)**	**(51,182)**	**(17,759)**	**(849)**
	813,793	**(898,621)**	**(81,562)**	**(816,210)**	**(849)**
2014					
Non-derivative Financial Liabilities					
Loans and borrowings	739,418	(818,809)	(95,804)	(723,005)	–
Trade and other payables*	67,063	(67,063)	(58,600)	(8,103)	(360)
	806,481	(885,872)	(154,404)	(731,108)	(360)
Company					
2015					
Non-derivative Financial Liabilities					
Loans and borrowings	**218,769**	**(248,177)**	**(10,478)**	**(237,699)**	**–**
Trade and other payables	**4,838**	**(4,838)**	**(4,838)**	**–**	**–**
Amounts due to subsidiaries	**21,999**	**(21,999)**	**(21,999)**	**–**	**–**
Recognised financial liabilities	**245,606**	**(275,014)**	**(37,315)**	**(237,699)**	**–**
Financial guarantees	**–**	**(451,156)**	**(451,156)**	**–**	
	245,606	**(726,170)**	**(488,471)**	**(237,699)**	**–**
2014					
Non-derivative Financial Liabilities					
Loans and borrowings	218,262	(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	244,841	(285,178)	(37,029)	(248,149)	–
Financial guarantees	–	(451,431)	(451,431)	–	–
	244,841	(736,609)	(488,460)	(248,149)	–

* *Exclude provision for other long-term employee benefits.*

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 and the Company's exposure to changes in interest rates relates primarily to loans and borrowings, fixed deposits placed with financial institutions and amounts due from subsidiaries. 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 and the Company's interest bearing financial instruments, was as follows:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Fixed Rate Instruments				
Deposits	**151,174**	63,811	**22,000**	22,000
Amounts due from subsidiaries	**–**	–	**159,350**	165,002
Loans and borrowings	**(220,199)**	(220,216)	**(220,000)**	(220,000)
	(69,025)	(156,405)	**(38,650)**	(32,998)
Variable Rate Instruments				
Loans and borrowings	**(531,620)**	(528,462)	**–**	–

Fair Value Sensitivity Analysis for Fixed Rate Instruments

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

Cash Flow 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 tax for 2015 by approximately $4,913,000 (2014: $4,663,000). There is no effect to equity. The analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

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 $28,656,000 (2014: $34,151,000) 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 tax for 2015 by approximately $2,866,000 (2014: $3,415,000). There is no effect to equity. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

Equity Price Risk

The Group has investments in quoted equity securities and is exposed to equity price risk. These securities are listed on the SGX-ST and the Stock Exchange of Hong Kong Limited.

The Group has no significant exposure to equity price risk at the reporting date.

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			
Group	**Note**	**Loans and Receivables $'000**	**Held for Trading $'000**	**Available-for-sale $'000**	**Other Financial Liabilities within the Scope of FRS 39 $'000**	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
2015										
Financial Assets Measured at Fair Value										
Quoted equity securities, held for trading	9	–	311	–	–	311	311	–	–	311
Unquoted equity securities, held for trading	9	–	248	–	–	248	–	–	248	248
		–	559	–	–	559				
Financial Assets Not Measured at Fair Value										
Trade and other receivables#	11	2,170	–	–	–	2,170				
Cash and cash equivalents	13	163,759	–	–	–	163,759				
		165,929	–	–	–	165,929				
Financial Liabilities Not Measured at Fair Value										
Loans and borrowings*	16	–	–	–	(743,975)	(743,975)	–	(784,543)	–	(784,543)
Trade and other payables**	17	–	–	–	(69,790)	(69,790)	–	(69,060)	–	(69,060)
		–	–	–	(813,765)	(813,765)				

Group	Note	Carrying Amount: Loans and Receivables $'000	Held for Trading $'000	Available-for-sale $'000	Other Financial Liabilities within the Scope of FRS 39 $'000	Total $'000	Fair Value: Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'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)	–	(759,134)	–	(759,134)
Trade and other payables**	17	–	–	–	(67,063)	(67,063)	–	(66,732)	–	(66,732)
		–	–	–	(806,481)	(806,481)				

Exclude prepayments and others.
* *Exclude finance lease liabilities.*
** *Exclude provision for other long-term employee benefits.*

Company	Note	Carrying Amount: Loans and Receivables $'000	Other Financial Liabilities $'000	Total $'000	Fair Value: Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2015								
Financial Assets Not Measured at Fair Value								
Trade and other receivables #	11	**25**	**–**	**25**				
Amounts due from subsidiaries	12	**249,736**	**–**	**249,736**				
Cash and cash equivalents	13	**33,294**	**–**	**33,294**				
		283,055	**–**	**283,055**				
Financial Liabilities Not Measured at Fair Value								
Amounts due to subsidiaries	12	**–**	**(21,999)**	**(21,999)**				
Loans and borrowings	16	**–**	**(218,769)**	**(218,769)**	**–**	**(237,084)**	**–**	**(237,084)**
Trade and other payables	17	**–**	**(4,838)**	**(4,838)**				
		–	**(245,606)**	**(245,606)**				
2014								
Financial Assets Not Measured at Fair Value								
Trade and other receivables#	11	20	–	20				
Amounts due from subsidiaries	12	253,730	–	253,730				
Cash and cash equivalents	13	29,581	–	29,581				
		283,331	–	283,331				
Financial Liabilities Not Measured at Fair Value								
Amounts due to subsidiaries	12	–	(22,001)	(22,001)				
Loans and borrowings	16	–	(218,262)	(218,262)	–	(240,452)	–	(240,452)
Trade and other payables	17	–	(4,578)	(4,578)				
		–	(244,841)	(244,841)				

Exclude prepayments and others.

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.

Financial instruments measured at fair value

Type	Valuation Techniques	Significant Unobservable Inputs	Inter-relationship between Key Unobservable Inputs and Fair Value Measurement
Group			
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

Financial instruments not measured at fair value

Type	Valuation Techniques	Significant Unobservable Inputs
Group and Company		
Other financial liabilities*	***Discounted Cash Flows***	Not applicable

* *Other financial liabilities include loans and borrowings and trade and other payables.*

Transfer between Level 1 and 2

There were no transfer between Level 1 and 2 in 2015 and 2014.

31 CAPITAL MANAGEMENT

The Group's primary objective in capital management is to maintain a strong capital base so as to maintain investor, creditor and market confidence, to continue to maintain the future development and growth of the business.

The Group monitors capital using a net debt equity ratio, which is adjusted net debt divided by total equity. For this purpose, adjusted net debt is defined as total loans and borrowings less cash and cash equivalents. Total equity includes equity attributable to equity holders of the Company.

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

	2015 $'000	2014 $'000
Gross loans and borrowings	**751,819**	748,678
Pledged bank deposits	**(4,196)**	(4,856)
Cash and cash equivalents	**(163,759)**	(93,071)
Net debt	**583,864**	650,751
Total equity	**1,984,694**	1,797,826
Net debt to equity ratio	**0.29**	0.36

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 licence, certain subsidiary of the Company is required to maintain a minimum paid-up capital of $1,000,000 in 2014. The subsidiary complied with the requirement throughout 2014. As at 31 December 2015, the subsidiary is no longer subject to the requirement as it is not required to have a housing developer's licence.

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

32 RELATED PARTIES

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions took place between the Group and related parties during the financial year on terms agreed between the parties concerned:

	2015 $'000	2014 $'000
Group		
Contract services provided to key management personnel	**105**	285
Company		
Interest expense allocated to subsidiaries	**8,284**	8,807

Key Management Personnel Remuneration

Key management personnel remuneration is as follows:

Group	2015 $'000	2014 $'000
Short-term employee benefits	**19,053**	16,600
Post-employment benefits	**106**	107
Other long-term employee benefits	**6,818**	111
	25,977	16,818

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

(a) progress instalments of approximately $442,000 (2014: $9,509,000) were received/receivable for all units of Concourse Skyline sold to Directors and associates of the Group in previous years; and

(b) rental deposits of approximately $28,000 were refunded to (2014: $4,000 were received from) a Director and his immediate family members.

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, including the sale of residential units, and construction of a hotel
- *Property management* – provides maintenance and management services

Other operations include investment holding, investment trading, horticultural services and dormant companies. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2015 or 2014.

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
2015					
External revenue	**50,306**	**7,420**	**2,419**	**422**	**60,567**
Inter-segment revenue	**213**	**29,232**	**497**	**19,237**	**49,179**
Interest income	**177**	**299**	**–**	**327**	**803**
Finance expense	**(16,909)**	**(1,143)**	**–**	**(3,102)**	**(21,154)**
Reportable segment profit/(loss) before tax	**130,093**	**(2,504)**	**(435)**	**(8,506)**	**118,648**
Gain on disposal of subsidiaries					**81,922**
Share of results of associate and joint venture, net of tax					**(1)**
Other material non-cash items:					
– Depreciation and amortisation	**(926)**	**(408)**	**(15)**	**(568)**	**(1,917)**
– Gain on revaluation of investment properties	**136,358**	**–**	**–**	**–**	**136,358**
– Impairment loss on trade and other receivables and club membership	**(229)**	**–**	**–**	**–**	**(229)**
– Changes in fair value of held for trading equity securities	**–**	**–**	**–**	**(16)**	**(16)**
Reportable segment assets	**2,401,875**	**278,029**	**573**	**131,822**	**2,812,299**
Capital expenditure:					
– Investment properties	**32,928**	**–**	**–**	**–**	**32,928**
– Property, plant and equipment	**378**	**468**	**5**	**26**	**877**
Reportable segment liabilities	**709,995**	**42,613**	**443**	**72,066**	**825,117**
2014					
External revenue	54,447	40,231	1,748	810	97,236
Inter-segment revenue	213	13,474	447	14,467	28,601
Interest income	46	140	–	134	320
Finance expense	(15,354)	(926)	–	(2,465)	(18,745)
Reportable segment profit/(loss) before tax	58,454	(1,189)	395	(6,482)	51,178
Gain on disposal of subsidiaries					18,849
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
– Impairment loss on trade and other receivables and club membership	(39)	–	–	–	(39)
– Changes in fair value of held for trading equity securities	–	–	–	(135)	(135)
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

Amount less than $1,000

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

Group	2015 $'000	2014 $'000
Revenue		
Total revenue for reportable segments	**90,087**	110,560
Revenue for other operations	**19,659**	15,277
Elimination of inter-segment revenue	**(49,179)**	(28,601)
	60,567	97,236
Profit or Loss		
Total profit for reportable segments	**127,154**	57,660
Loss for other operations	**(8,506)**	(6,482)
	118,648	51,178
Other unallocated profit or loss items	**81,922**	18,849
Share of results of associate and joint venture, net of tax	**(1)**	#
	200,569	70,027
Assets		
Total assets for reportable segments	**2,680,477**	2,580,627
Assets for other operations	**131,822**	41,157
Current tax assets	**342**	22
	2,812,641	2,621,806
Liabilities		
Total liabilities for reportable segments	**753,051**	755,245
Liabilities for other operations	**72,066**	55,246
Deferred tax liabilities	**1,039**	917
Current tax liabilities	**1,791**	12,572
	827,947	823,980

Amount less than $1,000

Other Material Items

Group	Reportable Segments $'000	Other Operations $'000	Total $'000
2015			
Interest income	**476**	**327**	**803**
Finance expense	**(18,052)**	**(3,102)**	**(21,154)**
Depreciation and amortisation	**(1,349)**	**(568)**	**(1,917)**
Gain on revaluation of investment properties	**136,358**	**–**	**136,358**
Impairment loss on trade and other receivables and club membership	**(229)**	**–**	**(229)**
Changes in fair value of held for trading equity securities	**–**	**(16)**	**(16)**
Capital expenditure:			
– Investment properties	**32,928**	**–**	**32,928**
– Property, plant and equipment	**851**	**26**	**877**

Group	Reportable Segments $'000	Other Operations $'000	Total $'000
2014			
Interest income	186	134	320
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
Impairment loss on trade and other receivables and club membership	(39)	–	(39)
Changes in fair value of held for trading equity securities	–	(135)	(135)
Capital expenditure:			
– Investment properties	21,818	–	21,818
– Property, plant and equipment	1,584	332	1,916

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
2015			
External revenue	**55,038**	**5,529**	**60,567**
Non-current assets^	**1,965,584**	**427,864**	**2,393,448**
2014			
External revenue	89,096	8,140	97,236
Non-current assets^	1,795,903	399,892	2,195,795

^ *Non-current assets consist of property, plant and equipment, associate and joint venture, investment properties and other assets (club membership).*

34 OPERATING LEASES

Leases as Lessee

The Group leases staff accommodation space, office equipment and cranes under non-cancellable operating lease agreements. 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, the total future minimum lease payments under non-cancellable operating leases in respect of properties and equipment are payable as follows:

Group	2015 $'000	2014 $'000
Within 1 year	**1,577**	671
After 1 year but within 5 years	**1,463**	–
	3,040	671

Leases as Lessor

The Group leases out its investment and development properties. The leases typically run for an initial period of one to five years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

Non-cancellable operating lease rentals receivable as at 31 December are as follows:

Group	2015 $'000	2014 $'000
Within 1 year	**48,359**	45,005
After 1 year but within 5 years	**44,267**	38,140
After 5 years	**566**	719
	93,192	83,864

35 COMMITMENTS

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

Group	2015 $'000	2014 $'000
Contracted for:		
– construction cost of investment and development properties	**82,710**	52,987
– improvement works to investment properties	**4,004**	–
– renovation works	**–**	155
	86,714	53,142

36 DISPOSAL OF SUBSIDIARIES

(a) On 18 September 2015, the Group entered into a share transfer agreement with an independent third party to dispose of approximately 49% equity interests in Winfoong International Limited and its subsidiaries at a total cash consideration of approximately HK$598,023,000 (approximately $107,764,000). The disposal was completed on the same date.

Name of Subsidiary	Date of Disposal	Effective Interest Disposed
Winfoong International Limited and its subsidiaries	18 September 2015	48.82%

Effect of Disposal

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

	Group $'000
Property, plant and equipment	**145**
Other assets	**1,024**
Development properties	**44,862**
Trade and other receivables	**575**
Cash and cash equivalents	**5,452**
Trade and other payables	**(1,360)**
Net assets disposed of	**50,698**
Gain on disposal of subsidiaries	**81,922**
Direct expenses incurred	**2,230**
Realisation of reserves	**(1,139)**
Non-controlling interests	**(25,947)**
Sale consideration	**107,764**
Cash and cash equivalents disposed of	**(5,452)**
Disposal of subsidiaries, net of cash	**102,312**

During the period from 1 January 2015 to 18 September 2015, the subsidiaries had no material contribution to the Group's cash flows. The disposed subsidiaries contributed net loss of approximately $1,987,000 to the Group from 1 January 2015 to the date of disposal.

(b) 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 (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 and its subsidiary	6 June 2014	42.00%

Effect of Disposal

Analysis of assets and liabilities of the subsidiaries 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 subsidiaries	18,849
Assignment of inter-company loans	9,468
Direct expenses incurred	4,519
Realisation of reserves	(424)
Deferred consideration received in advance	9,000
Sales consideration	33,865
Cash and cash equivalents disposed of	(1)
Disposal of subsidiaries, net of cash	33,864

Deferred consideration received in advance relates to the estimated tax exposure on the gain on disposal of the subsidiaries, 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 subsidiaries had no material contribution to the Group's cash flows. The disposed subsidiaries contributed net loss of approximately $68,000 to the Group from 1 January 2014 to the date of disposal.

37 SUBSEQUENT EVENT

On 9 March 2016, a subsidiary of the Company issued bonds amounting to HK$342,000,000 (approximately $60,944,000), of which HK$190,000,000 (approximately $33,858,000) was subscribed by another subsidiary of the Company. The bonds are non-convertible, unsecured, bear a fixed interest rate of 2.75% per annum payable annually in arrears and will mature on 9 March 2019.

STATEMENT OF SHAREHOLDINGS

AS AT 24 MARCH 2016

No. of Shares	:	791,465,621 Shares
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	48	0.88	1,232	0.00
100 - 1,000	335	6.11	203,667	0.03
1,001 - 10,000	2,919	53.28	16,645,046	2.10
10,001 - 10,000,000	2,136	38.98	111,994,371	14.15
10,000,001 and above	41	0.75	662,621,305	83.72
	5,479	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	Cheong Kim Pong	90,149,181	11.39
3	P.C. Cheong Pte Ltd	86,754,168	10.96
4	Cheong Sim Eng	45,944,280	5.80
5	Citibank Nominees Singapore Pte Ltd	42,129,320	5.32
6	United Overseas Bank Nominees Pte Ltd	21,913,740	2.77
7	Maybank Kim Eng Securities Pte Ltd	21,219,655	2.68
8	CIMB Securities (Singapore) Pte Ltd	17,548,568	2.22
9	Goodyear Realty Co Pte Ltd	17,165,235	2.17
10	UOB Nominees (2006) Pte Ltd	15,504,800	1.96
11	DBS Nominees Pte Ltd	14,861,779	1.88
12	Raffles Nominees (Pte) Ltd	14,161,034	1.79
13	Cheong Lay Kheng	12,692,000	1.60
14	OCBC Securities Private Ltd	11,830,993	1.49
15	Cheong Pin Chuan	10,247,344	1.29
16	Morph Investments Ltd	9,430,000	1.19
17	Khoo Poh Koon	8,194,901	1.04
18	Corporate Development Limited	7,376,160	0.93
19	Cheong Puay Kheng	6,862,000	0.87
20	UOB Kay Hian Pte Ltd	4,391,626	0.56
		619,821,904	78.31

Based on the information available to the Company, as at 24 March 2016, approximately 27.58% 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 2016

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	P.C. Cheong Pte Ltd	87,354,168	–
2	Cheong Sim Eng	94,827,960	40,923,435 [(a)]
3	Cheong Pin Chuan	11,209,844	128,980,959 [(b)]
4	Cheong Kim Pong	90,749,181	33,429,195 [(c)]
5	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 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-Eighth Annual General Meeting ("AGM") of **HONG FOK CORPORATION LIMITED** will be held at The Ballroom, Level 3, Raffles Hotel Singapore, 1 Beach Road, Singapore 189673 on Friday, 29 April 2016 at 2.30 p.m. to transact the following business:

As Ordinary Business

1 To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 31 December 2015 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 for the year ended 31 December 2015 (2014: 2 cents inclusive of a special dividend of 1 cent). **(Resolution 2)**

3 To approve the payment of Directors' fees of $251,635 for the financial year ended 31 December 2015 (2014: $171,639). **(Resolution 3)**

4 To approve the payment of Directors' fees of up to $245,000 for the financial year ending 31 December 2016, to be paid quarterly in arrears. [See Explanatory Note (i)] **(Resolution 4)**

5 To re-elect Mr Cheong Pin Chuan as Director retiring under Article 104 of the Constitution of the Company. **(Resolution 5)**

6 To re-elect Mr Chow Yew Hon as Director retiring under Article 104 of the Constitution of the Company. [See Explanatory Note (ii)] **(Resolution 6)**

7 To re-appoint KPMG LLP, Public Accountants and Chartered Accountants, Singapore, as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

As Special Business

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

8 **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 8)**

9 **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 2016 to shareholders of the Company (being an addendum to the Annual Report of the Company for the year ended 31 December 2015)) 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 9)**

BY ORDER OF THE BOARD

KOH CHAY TIANG
LO SWEE OI
Company Secretaries

Singapore
14 April 2016

Notes:

(a) The Chairman of this AGM will be exercising his right under Article 81 of the Company's Constitution 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) Except for a member who is a relevant intermediary as defined under Section 181(6) of the Companies Act, a member is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. A proxy need not be a member of the Company.

A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member (which number and class of shares shall be specified). In such an event, such member shall submit a list of its proxies together with the information required in the proxy form to the Company.

"Relevant Intermediary" means:

(i) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore, and who holds shares in that capacity; or

(iii) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

(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) The Ordinary Resolution 4 proposed in item 4 above, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred, that is during the financial year ending 31 December 2016. In the event that the amount proposed is insufficient, approval will be sought at the next annual general meeting for payments to meet the shortfall.

(ii) Mr Chow Yew Hon, upon re-election as Director, shall remain as the lead independent Director, Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee and Nominating 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 8 proposed in item 8 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 9 proposed in item 9 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, 30 April 2014 and 30 April 2015 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 2016 to shareholders of the Company (being an addendum to the Annual Report of the Company for the year ended 31 December 2015), the Constitution 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 2016.

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 and administration 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 (the "Proposed Dividend") at the Annual General Meeting of **HONG FOK CORPORATION LIMITED** to be held on 29 April 2016, the Share Transfer Books and Register of Members of the Company will be closed from 5.00 p.m. on 11 May 2016 for the purpose of determining shareholders' entitlements to the Proposed Dividend, and will re-open at 9.00 a.m. on 13 May 2016.

Duly completed registrable transfers received by the Company's Share Registrars, B.A.C.S. Private Limited, 8 Robinson Road, #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on 11 May 2016 will be registered to determine Members' entitlements to such Proposed Dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with the shares as at 5.00 p.m. on 11 May 2016 will be entitled to such Proposed Dividend.

The Proposed Dividend, if approved at the Annual General Meeting to be held on 29 April 2016, will be paid on 26 May 2016.

BY ORDER OF THE BOARD

KOH CHAY TIANG
LO SWEE OI
Company Secretaries

Singapore
14 April 2016

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HONG FOK CORPORATION LIMITED
(Company Registration No. 196700468N)
(Incorporated In the Republic of Singapore)

PROXY FORM
(Please read notes overleaf before completing this Form)

IMPORTANT
1 Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), relevant intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2 For investors who have used their CPF monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3 CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

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 as 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 Ballroom, Level 3, Raffles Hotel Singapore, 1 Beach Road, Singapore 189673 on **Friday, 29 April 2016 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' Statement and Audited Financial Statements		
2	Declaration of First and Final Dividend of 1 cent		
3	Approval of Directors' Fees of $251,635 for the financial year ended 31 December 2015		
4	To approve the payment of Directors' fees of up to $245,000 for the financial year ending 31 December 2016		
5	Re-election of Mr Cheong Pin Chuan as Director retiring under Article 104		
6	Re-election of Mr Chow Yew Hon as Director retiring under Article 104		
7	Re-appointment of Auditors		
8	Authority to issue Shares and Convertible Securities		
9	Renewal of Share Buy-Back Mandate		

Dated this ________ day of ______________ 2016

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 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number. 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. If no number is inserted, this form of proxy shall be deemed to relate to all the Shares held by you.

2 Except for a member who is a relevant intermediary as defined under Section 181(6) of the Companies Act (Chapter 50) of Singapore (the "Act"), a member is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. Where a member appoints more than one (1) proxy, 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.

3 Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary, is entitled to appoint more than two (2) proxies to attend and vote at the meeting, but each proxy must be appointed to exercise rights attached to a different Share or Shares held by such member. Where such member appoints more than two (2) proxies, the number and class of Shares held by such member in relation to which each proxy has been appointed shall be specified in the proxy form.

"Relevant Intermediary" means:

(i) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore, and who holds shares in that capacity; or

(iii) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4 A proxy need not be a member of the Company.

5 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.

Fold along this line

6 The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.

7 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8 Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.

9 A corporation that 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 Act.

10 The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have Shares against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company. A depositor shall not be regarded as a member of the Company entitled to attend the Meeting and to vote thereat unless his name appears on the Depository Register 72 hours before the time appointed for the Meeting.

11 An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

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 2016.

Fold along this line

Fold along this line. Glue and seal firmly.

Affix
Stamp
Here

Fold along this line. Glue and seal firmly.

The Company Secretary
HONG FOK CORPORATION LIMITED
300 Beach Road #41-00
The Concourse
Singapore 199555

Fold along this line. Glue and seal firmly.

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