集永成机构有限公司
CHIP ENG SENG CORPORATION LTD

REACHING NEW HEIGHTS

挑战未来，再创高峰

ANNUAL REPORT 2014

420 St Kilda Road, Melbourne, Australia - an office building acquired in 2014

CHIP ENG SENG has grown its business beyond construction into property developments, investments and hospitality since its founding in the 1960s.

The Group intends to continue pursuing opportunities that are complementary to its core businesses, offering greater shareholders' value while fostering a stronger company backed by quality and sustainable earnings.

CONTENTS

CORPORATE PROFILE

100 Pasir Panjang, Singapore - a freehold light industrial building completed in 2014

Chip Eng Seng Corporation Ltd (**"Chip Eng Seng"** or the **"Group"**) is one of the leading property development and construction groups in Singapore. Listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") since 1999, the Group has a current market capitalisation in excess of $500 million with core businesses primarily in the areas of property developments, property investments, construction and hospitality. The Group also has a presence in Australia and Malaysia.

Founded by Executive Chairman, Mr Lim Tiam Seng, Chip Eng Seng started as a subcontractor firm for conventional landed properties back in the 1960s. However, the Group soon made its mark by making a successful foray into the public housing market in 1982 after being appointed as the main contractor in its first Housing and Development Board ("HDB") project.

After building up its reputation in the field of HDB projects, the Group soon ventured into the construction of private residential projects, which included landed homes, condominiums as well as executive condominiums. Since 2000, the Group started developing properties following the acquisition of several land parcels. In 2014, the Group's property development division accounted for more than half of the Group's revenue.

Due to its strong operating track record, Chip Eng Seng was also awarded the highly coveted tender for the construction of Singapore's highest HDB development, the Pinnacle@Duxton, which comprises a set of 50-storey apartments in Tanjong Pagar. This award-winning project was successfully completed in 2009.

AT A GLANCE

CONSTRUCTION

Chip Eng Seng's construction activities are carried out by its wholly-owned subsidiaries, Chip Eng Seng Contractors (1988) Pte Ltd ("CESC") and CES Engineering & Construction Pte Ltd ("CESE"). In particular, CESC mainly engages in public housing projects while CESE undertakes construction activities pertaining to condominiums, executive condominiums as well as industrial and commercial projects.

Due to its strong track record, CESC has garnered an A1 grading as a general building and civil engineering contractor registered with the Building and Construction Authority ("BCA") - the highest classification that permits it to tender for public sector projects with an unlimited contract value. Similarly, CESE is also a BCA-registered general building and civil engineering contractor registered under the A2 and B2 classifications respectively. These classifications permit it to tender for public sector projects valued at up to $85 million and $13 million respectively.

In 2006, Chip Eng Seng set up CES-Precast Pte Ltd ("CESP") to meet the growing demand for precast components. CESP is a BCA-registered precast concrete contractor under the L6 classification that permits it to tender for public sector prefabrication contracts of unlimited value.

PROPERTY DEVELOPMENTS

Since 2000, CEL Development Pte Ltd ("CEL"), the Group's property development and investment arm, has been actively acquiring sites for property development and investment. Its developments include a mix of residential, commercial and industrial properties with a current portfolio of projects comprising a mix of mid to high end offerings.

In 2014, CEL in partnership with Heeton & KSH, was awarded two land parcels along Fernvale Road to develop the Group's largest private condominium project to-date, boosting its domestic property development portfolio.

In mid-2000, CEL also formed joint ventures with several reputable international funds to develop private condominiums. Locally, CEL has also partnered with Singapore developers such as NTUC Choice Homes Co-operative Ltd and Keppel Land Limited on projects which had seen highly successful launches.

Venturing beyond local shores, CEL has made a series of successful strides in its development projects and investment interests in Australia. Apart from Australia, CEL is also on the lookout for suitable opportunities in the surrounding regions.

PROPERTY INVESTMENTS

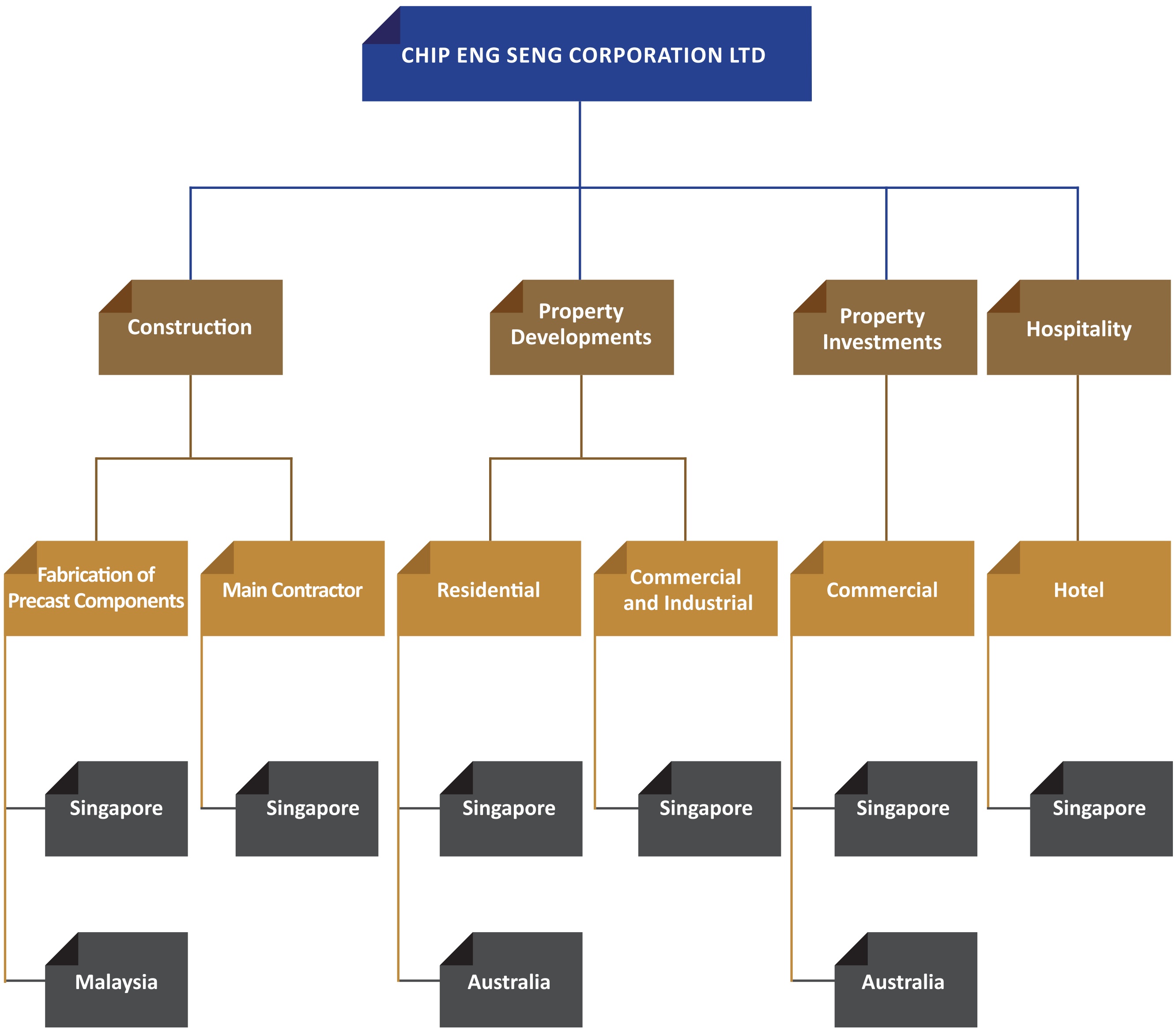
Singapore and Australia are key markets that CEL plans to continue growing its investment property portfolio in. The portfolio currently includes shophouses, commercial as well as industrial properties in prime areas of these countries.

Some of CEL's investment properties include a freehold office building located at St Kilda Road, Melbourne, a leasehold light industrial building at Ubi Crescent, as well as a leasehold office building located along Chin Swee Road, Singapore, where its current office is located.

HOSPITALITY

This year marks an exciting year for the Group as it embarks on a journey into the hospitality industry with the scheduled opening of Park Hotel Alexandra in mid-2015. Being the Group's first hospitality project, CEL has chosen to partner with the Park Hotel Group, an established hospitality group that manages, owns and develops the "Park" brand of hotels around the Asia-Pacific region. The 4-star hotel will feature 442 rooms complete with an array of modern amenities to cater to its business and leisure guests.

GROUP BUSINESSES



CHAIRMAN'S MESSAGE

"Together with our shareholders' support, we hope to continue achieving new heights, providing greater value to all our stakeholders in the year ahead."

DEAR SHAREHOLDERS,

New milestones were met in 2014 with Chip Eng Seng's net profit hitting an all-time high of $280.7 million on record revenue of more than $1 billion. This was achieved on robust sales and the completion of several key projects.

Venturing into commercial developments was also a key factor behind our success. Notably, our maiden commercial project, Alexandra Central, brought us great success with the majority of units snapped up during its launch at record prices.

Results aside, this year also marked the exciting completion of our new headquarters along Chin Swee Road, named CES Centre. The 12-storey building, which comprises a total GFA of 131,896 sq ft, houses our operations over the top two floors with the remaining space to be leased out to external parties for rental income flows. The Group has officially moved into the premises in February 2015.

In terms of the industry landscape, though the year brought forth many challenges amid a cautious buyers' market, the Group still saw strong sales for its mixed development, Junction Nine & Nine Residences. To-date, the sales at the Group's maiden mixed residential and retail development have exceeded 95%. In the Construction Division, the Group also continued to be a strong contender on the back of a stellar track record, garnering a total of two HDB projects worth $398 million in 2014 and another worth $258 million in 2015.

For the year ahead, we will continue to exercise prudence in local land tender bids amid an environment dominated by rising interest costs and moderating property prices. We also plan to re-launch our residential project in Fort Road, Fulcrum, in 2H2015 following the announcement of the upcoming Thomson-East Coast MRT Line.

The Group continues to keep a look out for attractive windows of opportunity with good value propositions that will foster a sustainable stream of income and increase shareholders' value in the years to come.

DIVIDENDS

In light of the Group's sterling results, I am pleased to announce that the Board has proposed a higher dividend of 6.0 cents per share (tax exempt one-tier) for FY2014, comprising a first and final dividend of 4.0 cents per share and a special dividend of 2.0 cents per share, up 50% from FY2013.

PROPERTY DEVELOPMENTS

Property Developments revenue increased in FY2014, rising 240.9% or $541.0 million from $224.6 million to $765.6 million over the last financial year. This was mainly due to the completion of 100 Pasir Panjang, Belvia and Alexandra Central in 2014, which are recognised on a completion basis, as well as the progressive recognition of revenue from mixed development project, Junction Nine & Nine Residences.

SINGAPORE

Within Singapore, the Group sold a total of 59 residential units, 12 commercial units and 16 industrial units in 2014. The units sold came mainly from the launch of new projects comprising mixed development, Junction Nine (commercial) & Nine Residences (residential), of which 99% and 97% of each project has been sold-to-date respectively.

AUSTRALIA

Away from Singapore, the Group launched its Doncaster site in the outskirts of Melbourne for sale in January 2015 and has achieved satisfactory results to-date. The site marks the Group's first foray into the development of dwelling units outside the city's Central Business District ("CBD").

Meanwhile, the Group is still handling legal proceedings on matters pertaining to protection works over the adjoining property for the Tower Melbourne development. More updates will be provided on the project as and when available. This development will feature a 71-storey landmark residential tower at Queen Street upon completion and has achieved 99% sales as at 31 December 2014.

CONSTRUCTION

The Group's Construction Division continued to enjoy a healthy pipeline of projects during the year. Construction revenue rose by 21.3% year-on-year to $334.2 million as compared to $275.5 million in FY2013. The Group also managed to successfully tender for and secure HDB projects worth a total of $398 million in FY2014. This brings the Group's outstanding net order book to $622.2 million as compared to $520.4 million during the prior corresponding period. In addition, in February 2015, the Group was awarded a HDB project worth $258 million.

In recognition of its safety standards, Chip Eng Seng won Merit awards under the Green and Gracious Builder Certification by the BCA for its environmental and safety practices adopted during the construction of its projects. In addition, the Group's subsidiary, Chip Eng Seng Contractors (1988) Pte Ltd, celebrated one million accident free man-hours at its Simei, Bukit Batok and Bukit Panjang sites in 2014 as a result of its stringent safety practices.

PROPERTY INVESTMENTS

The Group's portfolio of investment properties comprises CES Building at Ubi Crescent, shophouses, its new headquarters, CES Centre, located along Chin Swee Road, as well as an office building at 420 St Kilda Road in Melbourne, Australia. These properties will provide recurring revenue sources for the Group.

OUTLOOK AND STRATEGY

CONSTRUCTION

Competition for HDB construction tenders is expected to remain intense following the announcement by the Ministry of National Development that the number of flats under the Build-to-Order ("BTO") programme will be lowered to 16,000 in 2015 from 22,400 in 2014. In addition, the nation's ongoing manpower shortage continues to pose a challenge due to a slowdown of foreign labour inflow as the government maintains a tight rein on entry requirements.

The Group is also confident that it will remain a key contender in the public housing segment due to its strong and reliable track record in delivering high quality projects on a timely basis.

PROPERTY DEVELOPMENTS

The overall landscape is expected to soften in 2015 amid rising interest rates and buyers adopting a wait-and-see attitude. Taking into account the aforementioned, the Group plans to explore other opportunities in the region.

To date, the Group has three development projects under construction comprising, Junction Nine & Nine Residences, Fulcrum and Fernvale. The Group intends to launch its Fernvale project in 2H2015.

In Australia, the Group launched the first phase of its project in Doncaster back in January 2015 and holds plans to launch subsequent phases later this year.

CHAIRMAN'S MESSAGE

My Manhattan, Singapore - a private condominium completed in 2014

HOSPITALITY

Located along Alexandra Road, the Group's first hotel property, Park Hotel Alexandra, is slated to open its doors to customers in mid-2015. To be operated by one of Asia's most established hospitality brands, Park Hotel Group, the hotel is an integral part of the Group's mixed development project. Once the hotel commences operation, the property will generate recurring income for the Group.

IN CONCLUSION

Though we have raked in a strong report card for FY2014, we will continue to strive to scale our business to greater heights, building on the Group's strong fundamentals.

We also plan to continue exploring new avenues of growth in the years to come, broadening our geographical earnings base across our key segments: Construction, Property Developments, Property Investments and Hospitality.

Aside from that, we also wish to express our heartfelt thanks to Mr Raymond Chia, who had stepped down from his role of Executive Deputy Chairman and Group Chief Executive Officer at the end of last year, for his leadership, dedicated services and invaluable contributions, in particular, towards the transformation of the Group. We wish him the very best in his future endeavours.

Chip Eng Seng is also grateful to all who have journeyed with us through the years. I wish to extend our heartfelt appreciation to all our shareholders, contractors, architects, suppliers, strategic partners and professional advisors who have played a part in our growth over the years. Within the Group, I also wish to thank our management and staff, all of whom have toiled to bring us to where we are today. I would also like to thank the Board of Directors for their contributions throughout the year.

Let us continue to work together to achieve a better and brighter tomorrow.

LIM TIAM SENG BBM, PBM
Executive Chairman
25 March 2015

主席的话

“我们希望凭着我们的努力及股东们的支持，集团在未来一年能继续攀上新高，为集永成带来收益，并增加股东价值。”

各位股东，

2014年，集永成树立了新的里程碑，净利达到历来最高的2亿8070万新元，营收也创记录，超过了10亿新元。集团取得佳绩，是因为销售强劲，以及几项关键项目完工。

决定进军商业地产发展是我们成功背后的一个重要因素。值得一提的是，我们的首个商业地产项目Alexandra Central取得巨大的成功，大部分单位在推出时以创纪录的价格售出。

除了业绩创新高外，今年我们位于振瑞路（Chin Swee Road）全新的公司总部——集永成中心也落成了。这栋12层楼的大楼总建筑楼面为13万1896平方英尺，集团占用顶楼两层，剩余的将出租赚取租金收入。集团已经于2015年2月正式迁入新的总部。

行业环境方面，虽然这一年的挑战重重，买家态度谨慎，集团的综合发展新项目——Junction Nine和Nine Residences仍然取得了强劲的销售。到目前为止，集团的这个涉足综合住宅和零售的首个发展项目已售出了超过95%。建筑业务方面，集团在良好记录的基础上也继续保持强劲的势头，2014年获得了总价值3亿9800万新元的两项HDB项目，2015年也争取到价值2亿5800万新元的一项建筑合同。

接下来一年，由于利息上扬，房地产价格趋软，我们在本地市场将继续保持谨慎。随着汤申东海岸地铁线的宣布，我们也计划在2015年下半年重新推出位于Fort Road的住宅项目Fulcrum。

集团继续寻求具吸引力的优质项目为集团带来收益，并增加股东价值。

股息

鉴于集团出色的业绩，我很荣幸地宣布，董事会建议2014财政年派发每股6分的更高股息（一次性免税），包括每股4分的首次及终期股息以及每股2分的特殊股息，比2013财政年高出50%。

主席的话

房地产开发

2014财政年房地产开发收入激增240.9%或5亿4100万新元，从前一财年的2亿2460万新元增加到7亿6560万新元。这主要是因为100 Pasir Panjang、Belvia和Alexandra Central项目于2014年完工，在完工的基础上入账，综合发展项目Junction Nine和Nine Residences也逐步确认营收。

新加坡

在新加坡，集团于2014年总共销售了59个住宅单位、12个商业单位和16个工业单位。这主要来自于综合发展项目——Junction Nine（商业）和Nine Residences（住宅），至今各销售了99%和97%的单位。

澳大利亚

海外市场方面，集团于2015年1月推出了位于墨尔本市郊外的Doncaster项目，到目前为止取得了让人满意的成果。这幅地段是集团在墨尔本中央商业区以外发展的首个住宅项目。

同时，集团仍然在处理和 Tower Melbourne 项目毗邻地产保护工作有关的法律程序。集团会适时提供最新信息。这是个位于Queen Street的一栋71层楼的地标型住宅大厦，截至2014年12月31日，已经售出了99%的单位。

建筑业务

这一年集团的建筑业务部门的业绩保持良好。建筑业务收入同比增长21.3%至3亿3420万新元，2013财政年的建筑收入是2亿7550万新元。集团也在2014财政年成功获得总值3亿9800万新元的合约。这使得集团的净订单额达到了6亿2220万新元，相比下，之前同期的订单额是5亿2040万新元。值得一提，集团在2015年2月也成功获得一个HDB建筑工程，值2亿5800万。

集永成的安全水平受到了认可，由于在项目建筑工作中采用环保和安全做法，获得建筑局（BCA）环保与优雅建筑商奖的优良奖。此外，2014年，集团的子公司Chip Eng Seng Contractors (1988)Pte Ltd 由于实施严格的安全措施，在四美、武吉巴督和武吉班让工地举行了100万个工作小时无事故庆典。

房地产投资

集团的投资房地产组合包括位于乌美湾（Ubi Crescent）的集永成大厦、店屋、位于振瑞路新的公司总部集永成中心以及澳大利亚墨尔本位于St Kilda Road 420号的办公楼大厦。这些房地产为集团提供了经常性收入来源。

前景与策略

建筑业

随着国家发展部宣布，预购组屋项目下的组屋单位数量将从2014年的2万2400个减少到2015年的1万6000个，政府组屋的建筑工作竞标竞争预计会保持激烈。此外，我国持续的人力短缺将继续带来挑战，政府在人力入境要求方面控制严格，使得入境外劳人口放缓。

集团也有信心，由于自己强劲和可靠的记录，能按时完成高质量的项目，将继续是组屋领域强有力的竞争者。

房地产开发

随着利率上扬，买家采取观望态度，2015年整体市场情况预计会趋于疲软。考虑到上述提到的因素，集团计划开拓区域的其他机会。

到目前为止，集团共有三个在施工中的发展项目，它们是Junction Nine 和Nine Residences、Fulcrum和Fernvale。集团预计于2015下半年推出Fernvale项目。


Bukit Batok N1C13 & N2C23, Singapore - a HDB project under construction

在澳大利亚，集团于2015年1月推出了Doncaster项目的第一期，并计划于今年晚些时候推出项目的接下来几期。

酒店

集团首个酒店项目是位于亚历山大路（Alexandra Road）的Park Hotel Alexandra，定于2015年年中开业。酒店将由亚洲知名酒店品牌百樂酒店集团（Park Hotel Group）经营，这将是集团综合发展项目的重要一部分。酒店开业后将为集团带来经常性收入。

总结

虽然我们在2014财政年交出了漂亮的成绩单，但我们将继续努力把业务发展到更高的高度，增强集团强劲的基本面。

我们也计划在未来一年继续寻求新的增长来源，在我们的主要业务领域——建筑、房地产开发、房地产投资和酒店业开拓新的市场。

此外，我们也希望对去年底卸下执行副主席及集团总裁职位的谢礼铭先生表示最衷心的感谢，感谢他的领导、兢兢业业的服务和对集团转型做出的无价贡献。我们祝愿他一切顺利。

集永成也要对这些年来一直支持我们的所有人表示感谢。我谨向所有股东、承包商、建筑师、供应商、战略合作伙伴、以及专业顾问表示感谢，他们过去多年来对我们的发展做出了贡献。我也要感谢我们的管理层和员工，他们所有人的辛勤耕耘塑造了今天的我们。我也要感谢董事会在过去一年来对集团的贡献。

让我们继续合作，打造更美好的明天。

林镇成 BBM, PBM
执行主席
2015年3月25日

ICONIC PROJECTS AT A GLANCE

ALEXANDRA CENTRAL - *Alexandra Road, Singapore*

Designed by award-winning architects, the commercial development is poised to become an iconic landmark in the Alexandra area. Prominently located at the heart of Singapore's historical heritage area and connected to the Group's soon-to-be-completed hospitality asset, this project marks the Group's first foray into the development of shopping malls, further enhancing its capability and expertise as a property developer in both residential and commercial projects.

GROSS FLOOR AREA:
Approximately
93,080 sq ft

NUMBER OF RETAIL UNITS:
116

TENURE OF LAND:
99 YEARS

TOP:
DECEMBER
2014

ICONIC PROJECTS AT A GLANCE

CES Centre - *Chin Swee Road, Singapore*

Equipped with sleek and thoughtfully designed office units, the Group's new headquarters, CES Centre, is strategically located at the fringe of Singapore's Central Business District, with easy access to the bustling business activities synonymous with the region. The 12-storey commercial development provides a convenient location alongside a multitude of transport and dining options.

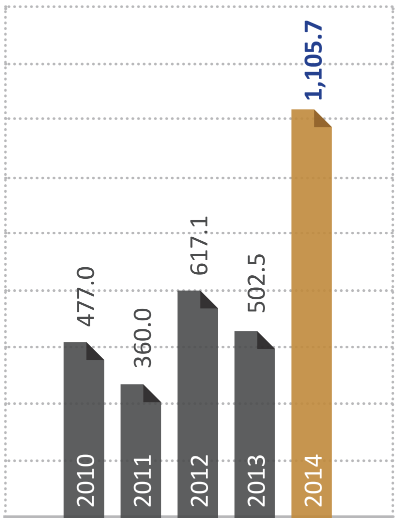
GROSS FLOOR AREA:
Approximately
131,896 sq ft

TOP: **DECEMBER 2014**

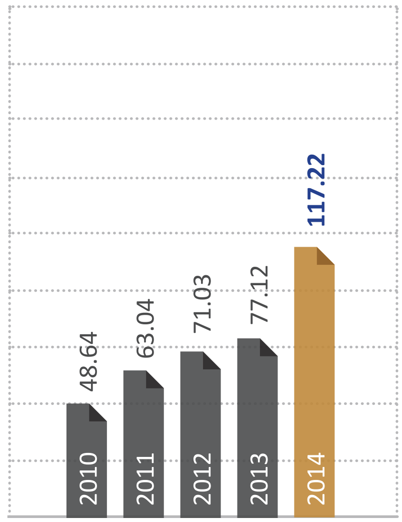

CES CENTRE
CES CENTRE
6100 6171

FINANCIAL HIGHLIGHTS

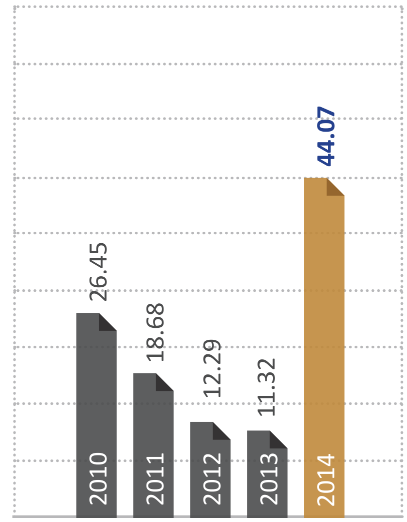
TURNOVER
($' million)



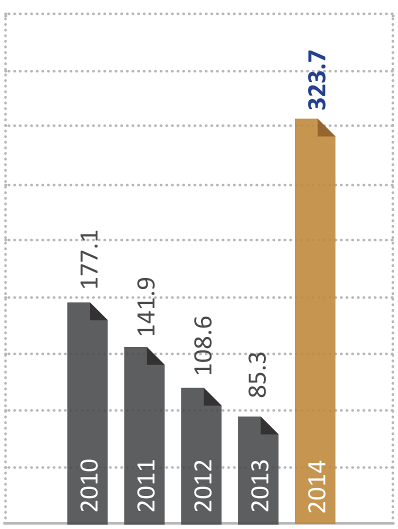
NET ASSET VALUE PER SHARE
(cents)



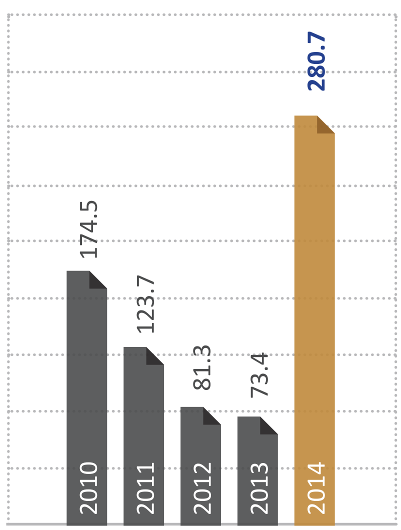
EARNINGS PER SHARE
(cents)



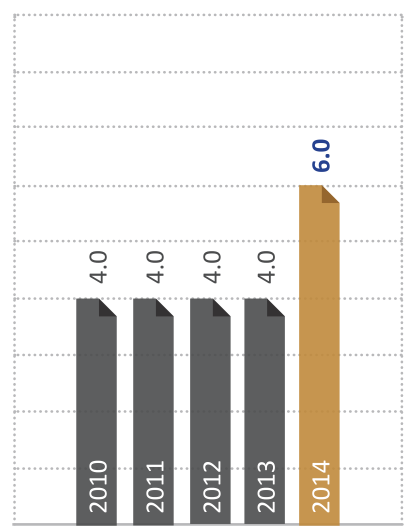
PROFIT BEFORE TAX
($' million)



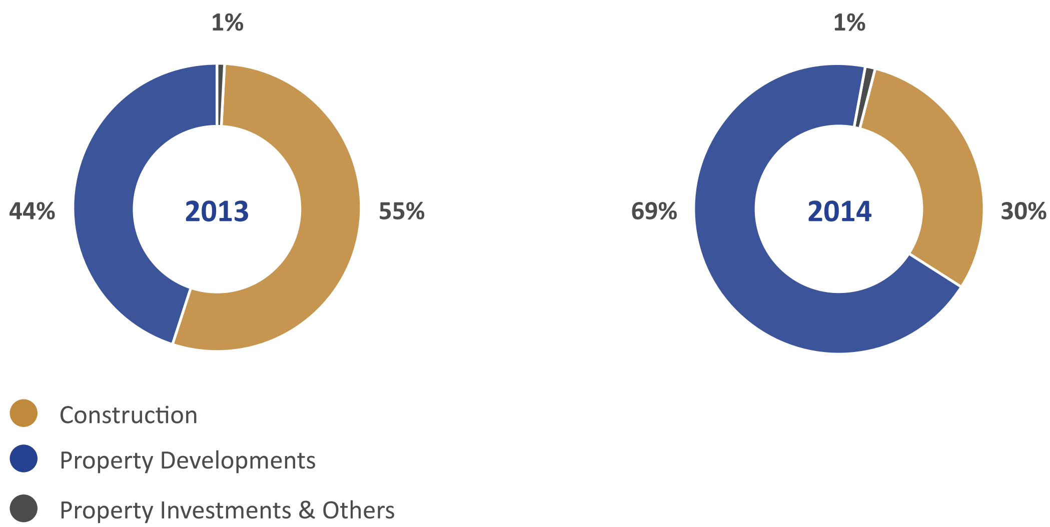
PROFIT AFTER TAX
($' million)



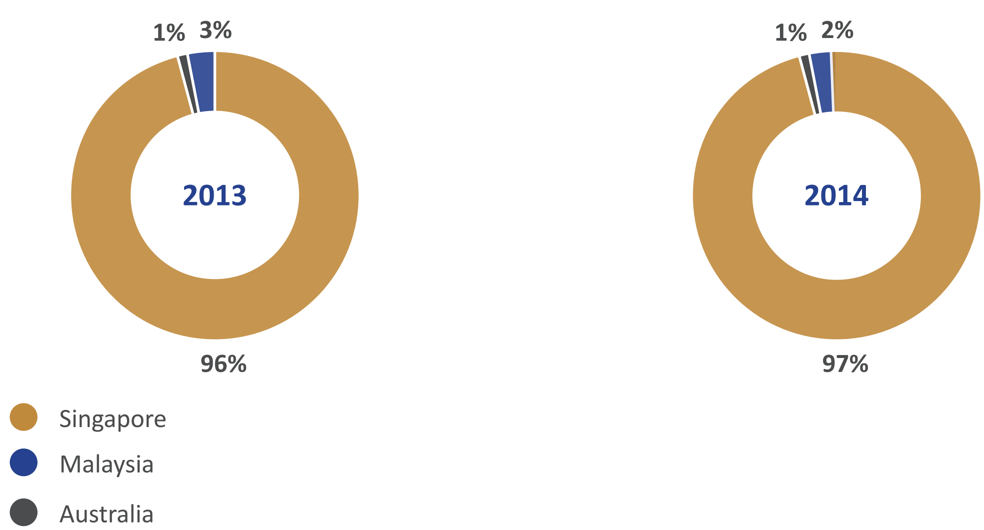
DIVIDEND PER SHARE
(cents)



REVENUE BY BUSINESS SEGMENT



REVENUE BY GEOGRAPHICAL SEGMENT



FINANCIAL REVIEW

Junction Nine & Nine Residences, Singapore - a mixed residential and retail development under construction

FINANCIAL REVIEW

REVENUE AND PROFITABILITY

The Group raked in revenue of $1.1 billion in FY2014, 120.1% higher than the $502.5 million posted in FY2013 due to stronger contributions from the Property Developments Division following the completion of several key projects.

Revenue from the Property Development Division climbed $541.0 million to $765.6 million in FY2014 as compared to $224.6 million in FY2013 on the back of revenue recognised from completed projects - 100 Pasir Panjang, Belvia and Alexandra Central. The progressive recognition of mixed development project, Nine Residences & Junction Nine also boosted the Group's turnover during the fiscal period.

Under the Construction Division, the Group registered a 21.3% increase in revenue to $334.2 million in FY2014 as compared to $275.5 million in FY2013. This was mainly due to several on-going projects which were undergoing their active stages of construction. In addition, increased contributions from precast projects also spurred the Division's revenue during the year.

On the back of rental flows derived from the Group's Melbourne office building located at 420 St Kilda Road, revenue from the Property Investments & Others Division grew 152.7% to $5.9 million in FY2014 as compared to $2.3 million in the year before.

In line with a stronger topline and the completion of several higher margin projects, the Group's gross profit increased 219.4% in FY2014 to $332.5 million from $104.1 million previously. Correspondingly, profit after tax climbed 282.6% year-on-year to hit a record $280.7 million in FY2014.

OPERATING EXPENSES

Operating expenses declined 2.1% from $63.9 million to $62.5 million on the back of lower marketing and distribution expenses incurred on the back of fewer development launches during the year. In FY2014, marketing and distribution expenses mainly stemmed from a single mixed development, Junction Nine & Nine Residences, whereas in FY2013, expenses incurred were derived from a medley of projects comprising 100 Pasir Panjang, Fulcrum, My Manhattan and Tower Melbourne.

Administrative expenses however climbed 31.0% year-on-year to $56.8 million due to increased staff wages and monetary incentives, in addition to exchange losses.

BALANCE SHEET REVIEW

Property, plant and equipment

The increase in property, plant and equipment was due to the construction and other costs incurred for the Group's hotel at Alexandra Road.

Belvia, Singapore - a DBSS residential housing project completed in 2014

Investment properties

Investment properties rose from $175.7 million to $289.0 million in FY2014 following the acquisition of Melbourne-based office building along St Kilda Road, as well as cost incurred to addition and alteration works pertaining to the recently completed CES Centre at Chin Swee Road.

Development properties

The increase in development properties, from $925.6 million in FY2013, to $963.8 million in FY2014 ,was chiefly due to the recently acquired land parcels along Fernvale Road and additional development costs incurred for on-going projects. However, this was partly offset by the completion of four development projects, namely My Manhattan, 100 Pasir Panjang, Belvia and Alexandra Central in Singapore.

Trade and other receivables

The increase in trade and other receivables for the Group was mainly due to the progress billings receivables for four completed development projects (100 Pasir Panjang, My Manhattan, Belvia and Alexandra Central) following the receipts of TOP of these projects.

Cash and cash equivalents

Payment arising from the completion of projects coupled with the collection of progress billings from construction projects helped boost the Group's overall cash position, which strengthened from $284.2 million to $285.0 million as at 31 December 2014.

Borrowings

Total borrowings increased $172.3 million in FY2014 following the issuance of $150 million notes under the $500 million Muticurrency Debt Issuance Programme in October last year. In addition, bank loans were drawn down for working capital needs and to fund the purchase consideration for both the Group's St Kilda (Australia) and Fernvale (Singapore) properties during the year. These increases were partially offset by repayment of bank loans.

Trade and other payables

Trade and other payables declined because of progressive billings originally recorded as trade payables, which were subsequently recognised as revenue upon TOP for the development projects at 100 Pasir Panjang, My Manhattan, Belvia and Alexandra Central.

Shareholders' equity

On the back of record earnings in the financial year in review, shareholders' equity increased from $498.8 million to $736.4 million in FY2014. As a result, net asset value per share jumped 51.2% to 117.2 cents from 77.1 cents.

OPERATIONS REVIEW

Belvia, Singapore - a DBSS residential housing project completed in 2014

OPERATIONS REVIEW

CONSTRUCTION

In 2014, the Group's Construction Division bagged two new HDB contracts valued at an estimated $398 million. To date, including the recently secured HDB contract in February 2015, the Construction Division has six HDB projects and two private projects under its wing. Excluding in-house projects, the Group's outstanding construction order book stands at a robust $622.2 million as at 31 December 2014.

Of the projects currently under construction, the Group expects Fulcrum and Junction Nine & Nine Residences to be completed later this year. In addition, a HDB project at Bukit Panjang is also slated for completion in 2Q2015 based on its progress-to-date. Meanwhile, the Group's Construction Division will continue to actively tender for public housing projects as it expects a slowdown amidst a softer market for private housing projects. Despite a challenging industry backdrop, the Group is confident that it will be able to continue achieving sustainable earnings, on the back of its strong operating record and a healthy project pipeline.

Some cost reprieve in terms of workers' wages can also be expected in 2015 following the recent Singapore Budget, whereby the government announced that it would defer a planned increase in worker levies this year to help businesses cope with rising business costs.

PROPERTY DEVELOPMENTS

Profit contribution from the Property Developments Division came in strong on the back of the completion of three key projects, 100 Pasir Panjang, Belvia and Alexandra Central. Preparation works have also since commenced at the Group's recently acquired leasehold site at Fernvale Road. The project is expected to be launched later this year.

In Australia, the Group has gone ahead to launch the first phase of its Doncaster development project in February 2015 and plans to launch the remaining phases later this year. To date, 12 units out of 28 units launched in the first phase have been sold. With regard to the property along Victoria Street, the Group has plans to divest the site in the near term.

Meanwhile, the Group is still handling legal proceedings pertaining to the Tower Melbourne development with hopes to resume demolition work in 2015.

Hougang N4C17, Singapore - a HDB project completed in 2014

PROPERTY INVESTMENTS

During FY2014, the Group completed alteration and addition works to its office building, CES Centre, located along Chin Swee Road. The Group has since relocated to the new premises in February 2015. Meanwhile, the Group is working on leasing out excess lettable space in the property to external tenants for added recurring revenue.

Aside from CES Centre, the Group also owns a light industrial building at Ubi Crescent, two shophouses in Geylang, one shophouse along Tanjong Pagar Road in Singapore, and an office building at 420 St Kilda Road in Melbourne, Australia. These properties provide recurring income for the Group.

With access to new proceeds raised from a bond issuance in 2014, the Group will continue to keep an active lookout for attractive windows of opportunity to broaden its investment property portfolio in the year ahead.

HOSPITALITY

The Group's first hospitality asset, Park Hotel Alexandra, is currently in the final stages of construction and is expected to open its doors to the public in mid-2015.

Going forward, the Group holds plans to further develop its hospitality portfolio and will continue to look for suitable development sites in Singapore and the surrounding region.

BOARD OF DIRECTORS

MR LIM TIAM SENG BBM, PBM
Executive Chairman

Mr Lim Tiam Seng is the founder and the Group's Executive Chairman. Over the years, he had played an instrumental role in the Group's journey from a sole proprietorship into one of the leading main contractors and property developers in Singapore today.

He has helmed the Company as the Executive Chairman since its corporation in October 1998 and possesses more than 40 years of experience in the building and construction industries. He is also responsible for setting up corporate objectives and strategies, in addition to making investment decisions for the Group. Aside from that, Mr Lim is a patron of the Yio Chu Kang Citizens' Consultative Committee and has won several awards for his public service rendered to the nation, comprising The Public Services Stars PBM in 2007 and BBM in 2013.

MR LIM TIANG CHUAN
Executive Deputy Chairman

Mr Lim Tiang Chuan undertook the role of Executive Deputy Chairman in June 2007 and oversees the Group's overall operations and business expansion. Mr Lim has also been a Director of the Company since October 1998. Having joined the Group's Construction Division back in 1982, Mr Lim has a wealth of experiences spanning more than three decades in the building and construction industry and is an integral part of the management team. Mr Lim is a patron of Bukit Gombak Community Centre Management Committee. He is also the Head of Property Committee of Singapore Thong Chai Medical Institution.

MR HOON TAI MENG
Executive Director

Mr Hoon Tai Meng was appointed as the Executive Director and a member of the Nominating Committee in July 2011. He was previously an Independent Director of the Company from November 1999 to June 2011. Mr Hoon was also previously a Partner with KhattarWong. He holds a Bachelor of Commerce degree in Accountancy from Nanyang University and a LLB (Honours) from the University of London. He is a Fellow Chartered Institute of Management Accountants (UK), a Fellow of the Association of Chartered Certified Accountants (UK), a Chartered Accountant of Singapore, and a Barrister-At-Law (Middle Temple). He also sits on the boards of several other public and private companies. Mr Hoon is responsible for assisting the board in the business operations and corporate matters of the Group. At the Group level, he is responsible for the overall strategic operations and investment decisions.

MISS DAWN LIM SOCK KIANG

Executive Director

Ms Dawn Lim Sock Kiang joined the Company's property development arm as a Project Director in October 2009. She was appointed as the Executive Director of the Company in December 2009. Ms Lim holds a Bachelor's Degree in Architecture (Honours) from Deakin University, Melbourne, Australia. Prior to joining the Company, she worked as a Senior Architect in Melbourne, Australia. Currently, Ms Lim is responsible for assisting the Board in the business operations of the Company and the Company's property developments in Australia.

MR GOH CHEE WEE

Independent Director

Mr Goh Chee Wee has been the Group's Independent Director since November 1999. He chairs the Audit and Remuneration Committees and is a member of the Nominating Committee. Mr Goh also holds directorships at a number of public listed companies. He is also a director of several NTUC Co-operatives and SLF subsidiary companies. Mr Goh was formerly a Member of Parliament and the Minister of State for Trade and Industry, Labour and Communications. He holds a first-class honours degree from the University of Singapore and a Master of Science degree from the University of Wisconsin, USA.

MR ANG MONG SENG

Independent Director

Mr Ang Mong Seng has been the Group's Independent Director since March 2003. He is also a member of the Audit, Remuneration and Nominating Committees and has more than 30 years of experience in estate management. A former Member of Parliament for Hong Kah GRC (Bukit Gombak), Mr Ang also serves as an Independent & Non-Executive Director in various other public-listed companies.

MR CHENG HENG TAN

Independent Director

Mr Cheng Heng Tan has been appointed as an Independent Director in July 2011. He chairs the Nominating Committee and is a member of the Audit and Remuneration Committees. Mr Cheng is a member of the Institute of Singapore Chartered Accountants ("ISCA") and was formerly a senior audit partner in Ernst & Young LLP. In addition, Mr Cheng also holds the role of Ethics Director, Asia for Vishay Intertechnology, Inc.

EXECUTIVE OFFICERS

MR LAW CHEONG YAN

Chief Financial Officer

Mr Law joined the Group as Chief Financial Officer in August 2013. In his current role, he leads the Group in a multitude of functions comprising financial and management accounting, taxation, treasury as well as investor relations. Prior to joining Chip Eng Seng, Mr Law spent more than 9 years in China and the US managing the businesses of several Singapore companies' overseas subsidiaries. Mr Law was also the Group's Financial Controller for the period from June 1999 to February 2004 and an auditor with an international accounting firm from September 1995 to June 1999. Mr Law holds a Bachelor of Accountancy (Hons) Degree from Nanyang Technological University. He is also a member of ISCA and CPA Australia.

MR CHNG CHEE BEOW

Executive Director of CEL Development Pte Ltd

Mr Chng is the Executive Director of the Group's property developments division and has more than 30 years of experience in the real estate industry. Prior to joining the Group in June 2012, he was the Property Director of Wing Tai Holdings Limited. A registered Architect by profession, Mr Chng has been an Executive Committee member of REDAS for the past 14 years. He was also the Alternate Chairman of the Construction Industry Joint Committee ("CIJC"). Mr Chng is currently a member of the BCA Building and Construction Committee ("BCSC") and Professional Engineer Board Investigation Panel. He is also a member of BCA BIM Steering Committee. He was previously appointed as one of International Panel of Experts for BIM. Mr Chng holds a Bachelor of Architecture Degree and a Postgraduate Diploma in Building Science from National University of Singapore.

MS LIM SOCK JOO

Executive Director of CEL Development Pte Ltd

Ms Lim is the Executive Director of the Group's property development and hospitality divisions. Her responsibilities include the day-to-day management of the divisions' operations as well as their sales and marketing needs.

In 1993, Ms Lim first joined the construction division as an administrative and finance executive responsible for accounting, administration and human resource matters. In June 2006, her role was enlarged to include the sales and marketing of the property development division following her appointment as Director of the division until June 2012. Ms Lim holds a Bachelor Degree in Business (Accounting) from the Curtin University of Technology, Australia.

MR JAMES YUEN CHEW LOONG

Executive Director of CES-Precast Pte Ltd

Mr Yuen joined the Group in July 2012. He is currently the Executive Director of the precast division, responsible for its overall management, marketing and business development. Mr Yuen has over 25 years of experience in design and construction.

Prior to joining the Group, Mr Yuen was a Director and General Manager of a local specialist foundation company. He had also previously worked for the Housing and Development Board and several consultancy and construction companies. Mr Yuen holds degrees in Bachelor of Engineering (Hons) (Civil), Master of Science (Civil Engineering) and Master of Business Administration from the National University of Singapore. He is a Registered Professional Engineer with the Professional Engineers Board and an Accredited Adjudicator with the Singapore Mediation Centre ("SMC").

MR TIMOTHY PEARCE

General Manager of CEL Australia Pty Ltd

Mr Pearce joined the Group in April 2010 as Project Director, before being appointed to the role of General Manager in 2014. His responsibilities include managing property developments and investments in Australia as well as overseeing the CEL Australia office in Melbourne. A registered Architect by profession, he has around 20 years of experience in both Australia's and Singapore's building and construction industries. He holds a first class honours Degree in Architecture and a Degree in Architectural Studies from the University of Adelaide.

MR LOW GAM WENG

General Manager of Chip Eng Seng Contractors (1988) Pte Ltd

Mr Low joined the Group in April 2011 and is the General Manager of the construction division. His responsibilities include operation matters pertaining to the Group's construction projects.

To date, Mr Low has more than two decades of experience in the construction industry. He was the Project Director of the Group's construction division from September 2011 to July 2014. Prior to joining the Group in 2011, Mr Low held senior managerial position in a contracting firm in Dubai. Mr Low holds a degree in Bachelor of Engineering (Hons) (Civil).

MR LIM KOK HOWE IVAN

General Manager (Operations) of CEL Development Pte Ltd

Mr Lim joined the Group in June 2006 and is the General Manager of the property developments division. His responsibilities include operations of the Group's property development projects.

Mr Lim has more than 20 years of experience in the property development industry. He was the Project Director from April 2010 to July 2011. Prior to joining the Group in 2006, Mr Lim had worked for several government bodies as well as property developers and management companies. Mr Lim holds a Bachelor degree in Civil and Structural Engineering alongside a Project Manager Professional ("PMP") certification by the Project Management Institute ("PMI").

OTHER OFFICERS

CONSTRUCTION & PRECAST

- **MR SIOW BOON KUAN**
  Technical Director (Construction)
- **MR LIM TIAM BACK**
  Project Director (Construction)
- **MR LIM TIAM MOH**
  Project Director (Precast)
- **MR SOH BOON YONG**
  Project Director (Construction)
- **MR TEOW CHOON MENG**
  Project Director (Construction)

PROPERTY DEVELOPMENTS & INVESTMENTS

- **MR HA VU HOANG**
  Assistant General Manager Property (Operations)
- **MR LIM LING KWEE**
  Project Director (Property)
- **MR CHAN KIN KHAY**
  Project Director (Property)

PROJECTS & DEVELOPMENTS PORTFOLIO

CONSTRUCTION

Projects completed in 2014 / January 2015

PROJECT	DESCRIPTION	OWNER
Building works at Tampines Neighbourhood 4 Contract 27	Building works of 2 blocks of residential buildings	HDB
Building works at Hougang Neighbourhood 4 Contract 17	Building works of 5 blocks of residential buildings	HDB
Building works at Yishun Neighbourhood 5 Contract 2	Building works of 8 blocks of residential buildings	HDB

Major On-Going Projects

PROJECT	DESCRIPTION	OWNER
Building works at Bukit Panjang Neighbourhood 4 Contract 15	Building works of 7 blocks of residential building	HDB
Junction Nine & Nine Residences at Yishun	Building works of 146 retail shops and 186 residential condominium units with full condominium facilities	CEL-Yishun (Commercial) Pte Ltd CEL-Yishun (Residential) Pte Ltd
Fulcrum at Fort Road	Building works of 128 residential units with full condominium facilities	CEL-Fort Pte Ltd
Building works at Jurong West Neighbourhood 6 Contract 31	Building works of 6 blocks of residential building	HDB
Building works at Bukit Batok Neighbourhood 1 Contract 13 & Neighbourhood 2 Contract 23	Building works of 5 blocks of residential building	HDB
Building works at Sembawang Neighbourhood 1 Contract 10	Building works of 8 blocks of residential building	HDB
Building works at Woodlands Neighbourhood 1 Contract 26 and Contract 27	Building works of 9 blocks of residential building	HDB
Building works at Tampines Neighbourhood 6 Contract 1A/1B with park	Building works of 15 blocks of residential building	HDB

Bukit Batok N1C13 & N2C23, Singapore - a HDB project under construction

PROPERTY DEVELOPMENTS

Development Projects completed in 2014

	LOCATION	DESCRIPTION	NO OF UNITS	TENURE
Belysa (40%-owned)	55,57,59 Pasir Ris Drive 1 Singapore	Executive Condominium	315	99 years
100 Pasir Panjang	100 Pasir Panjang Road, Singapore	Light Industrial Building	66	Freehold
My Manhattan	25, 27, 29, 31, 33, 35 Simei Street 3, Singapore	Condominium	301	99 years
Belvia	747A, 747B, 747C, 748A, 748B,748C Bedok Reservoir Crescent, Singapore	DBSS Flats	488	99 years
Alexandra Central	321 Alexandra Road	Shopping Mall	116	99 years

On-going Development Projects

	LOCATION	DESCRIPTION	NO OF UNITS	TENURE	EXPECTED TOP
Junction Nine & Nine Residences	12,14,16,18 Yishun Avenue 9, Singapore	Shopping mall and Condominium	332	99 years	2015
Fulcrum	33 Fort Road, Singapore	Condominium	128	Freehold	2015
Williamson Estate	154-160 Williamson Road, Doncaster, Victoria, Australia	Townhouses and apartments	104 townhouses and 1 apartment block	Freehold	2016
Fernvale (60%-owned)	Fernvale Road, Singapore	Condominium	1399	99 years	2019
Tower Melbourne	150 Queen Street, Melbourne, Australia	Residential Apartment and Retail Outlets	588	Freehold	2019

Junction Nine & Nine Residences, Singapore - a mixed development project under construction

PROPERTY ASSETS PORTFOLIO

Investment Properties

DESCRIPTION	LOCATION	TENURE	EXISTING USE
2 adjoining units of 3-storey shophouses	86, 86A, 86B Tanjong Pagar Road, Singapore	99 years from 27 Sep 1988	Shops and Offices
A part 2-storey, part 4-storey shophouses	161 Geylang Road, Singapore	99 years from 4 May 1993	Shops and Offices
6-storey light industrial building with a basement carpark	69 Ubi Crescent, Singapore	60 years from 5 July 1997	Light Industrial Building
3 adjoining units of 2-1/2 storey shophouses with 4-storey rear extension	115 Geylang Road, Singapore	Freehold	Boarding Hotel
12-storey office building	171 Chin Swee Road, Singapore	99 years from 2 Jun 1969	Offices
11-storey office building	420 St Kilda Road, Melbourne, Australia	Freehold	Offices

Property, Plant and Equipment

DESCRIPTION	LOCATION	TENURE	EXISTING USE
A 442-room 13-storey hotel tower above a 6-storey podium (under construction)	323 Alexandra Road, Singapore	99 years	Hotel
A single-user single-storey warehouse with a 4-storey ancillary office and temporary ancillary workers dormitory	2 Tuas South Street 8, Singapore	23 years from 26 December 2012	Construction Workshop and dormitory
A freehold parcel of industrial land with a single-storey detached office building and building	No. PTO 102945, Jalan Idaman, Senai Industrial Park, Senai, Johor, Malaysia	Freehold	Precast Plant

AWARDS & CERTIFICATIONS

During the past fiscal year, the Group won a total of 8 awards which recognised the Group's commitment to workplace health and safety as well as environmental standards as it continues to deliver high quality projects. Awards that the Group received during the year include:

1

GGBS Merit Award for Chip Eng Seng Contractors (1988) Pte Ltd

2

GGBS Merit Award for CES Engineering and Construction Pte Ltd

3

SHARP Award for Bukit Batok N2C23

4

SHARP Award for Hougang N4C17

5

SHARP Award for My Manhattan

6

HDB Construction Safety Merit Award for Hougang N9C12

7

SCAL Silver Award for Bukit Batok N1C13

8

SCAL Bronze Award for Tampines N4C27

CORPORATE SOCIAL RESPONSIBILITY

Chip Eng Seng takes great pride in ensuring a safe workplace and environment for all its stakeholders.

As a responsible employer, Chip Eng Seng values the importance of providing a safe workplace for its employees, and places their well-being at the forefront of the business. Strong safety and health practices also tend to lead to a more vibrant and productive workforce, creating synergies that result in improved productivity, employee retention, financial performance and quality of life for all.

Likewise, as a responsible enterprise, the Group places great emphasis towards the safety of the public and the surrounding environment, with the implementation of stringent safety practices and checks. Notably, the Group is committed towards minimizing occupational, health and safety ("OHS") risks and adverse environmental impacts associated with its building construction activities.

The Group also adheres to stringent Quality, Environment, Health and Safety ("QEHS") standards set by the BCA to strive for an incident-free workplace by enforcing strict site safety measures and working with sub-contractors who share a similar commitment towards safety. Regular safety audits are also carried out regularly to ensure compliance on-site at all times.

As a result of the stringent safety practices, the Group's subsidiary, Chip Eng Seng Contractors (1988) Pte Ltd celebrated ***one million accident free man-hours*** at both its Bukit Batok and Bukit Panjang sites in 2014.

The Group also encourages its employees to continue innovating and improving on safety measures. Notably, a Senior Project Manager was awarded the SCAL Innovation Award for the introduction of the Double Tier ladder in 2014 which helps to improve overall worker safety while working on a precast column.

In addition, the Group also advocates regular training sessions for its employees to develop their competencies and educate them on the best practices to keep themselves and their colleagues safe and healthy, which conversely bodes well for a sustainable and profitable business.

In recognition of its safety efforts, the Group was awarded several awards from bodies such as the BCA, the HDB and the Ministry of Manpower ("MOM") in 2014.

To highlight a few, two of the Group's wholly-owned subsidiaries, Chip Eng Seng Contractors (1988) Pte Ltd and CES Engineering & Construction Pte Ltd, won Merit awards under the Green and Gracious Builder Certification by the BCA for their environmental and safety practices adopted during the construction phase of its projects. The Group was also awarded a Certificate of Merit Award under the HDB Construction Safety Award for public housing project, Hougang N9C12, as well as the Certificate of Commendation for the WSH SHARP Award for developments comprising Hougang N4C17, Bukit Batok N1C13 & N2C23 and My Manhattan at Simei.

Adopting an all-encompassing approach towards corporate social responsibility, Chip Eng Seng has also given back to community via the establishment of the Lim Tiam Seng – Chip Eng Seng Bursary Fund for engineering undergraduates at the Nanyang Technological University ("NTU").

Open to all Singapore Citizens and Singapore Permanent Residents pursuing an Engineering degree at NTU, this bursary aims to help financially disadvantaged students. With at least half of the recipients from the School of Civil and Environmental Engineering, the bursary serves to fund up to 10 awards amounting to $5,000 each per annum.

The Group also actively donates towards a wide array of charitable causes, including the PAP Community Foundation, Yong-en Care Centre, Sian Chay Medical Institution, Kidney Dialysis Foundation and the NCSS Charitable Fund amongst others.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS
Lim Tiam Seng BBM, PBM
Executive Chairman

Lim Tiang Chuan
Executive Deputy Chairman

Hoon Tai Meng
Executive Director

Dawn Lim Sock Kiang
Executive Director

INDEPENDENT DIRECTORS
Goh Chee Wee
Ang Mong Seng
Cheng Heng Tan

AUDIT COMMITTEE
Goh Chee Wee
Chairman

Ang Mong Seng
Cheng Heng Tan

REMUNERATION COMMITTEE
Goh Chee Wee
Chairman

Ang Mong Seng
Cheng Heng Tan

NOMINATING COMMITTEE
Cheng Heng Tan
Chairman

Goh Chee Wee
Ang Mong Seng
Hoon Tai Meng

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Singapore 048583

AUDIT-PARTNER-IN-CHARGE
Low Yen Mei
Since financial year ended 31 December 2010

COMPANY SECRETARIES
Abdul Jabbar Bin Karam Din, LLB (Hons)
Loh Lee Eng, ACIS

PRINCIPAL BANKERS
DBS Bank Ltd
United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited
Hong Leong Finance Limited
Standard Chartered Bank
Malayan Banking Berhad
The Bank of East Asia Limited (Singaporean Branch)

CORPORATE INFORMATION

EXECUTIVE DIRECTORS
Lim Tiam Seng BBM, PBM
Executive Chairman

Lim Tiang Chuan
Executive Deputy Chairman

Hoon Tai Meng
Executive Director

Dawn Lim Sock Kiang
Executive Director

INDEPENDENT DIRECTORS
Goh Chee Wee
Ang Mong Seng
Cheng Heng Tan

AUDIT COMMITTEE
Goh Chee Wee
Chairman

Ang Mong Seng
Cheng Heng Tan

REMUNERATION COMMITTEE
Goh Chee Wee
Chairman

Ang Mong Seng
Cheng Heng Tan

NOMINATING COMMITTEE
Cheng Heng Tan
Chairman

Goh Chee Wee
Ang Mong Seng
Hoon Tai Meng

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AUDIT-PARTNER-IN-CHARGE
Low Yen Mei
Since financial year ended 31 December 2010

COMPANY SECRETARIES
Abdul Jabbar Bin Karam Din, LLB (Hons)
Loh Lee Eng, ACIS

PRINCIPAL BANKERS
DBS Bank Ltd
United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited
Hong Leong Finance Limited
Standard Chartered Bank
Malayan Banking Berhad
The Bank of East Asia Limited (Singaporean Branch)

CORPORATE GOVERNANCE REPORT

Chip Eng Seng Corporation Ltd (the "Company", and together with its subsidiaries, the "Group") is committed in its continuing efforts to achieve high standards of corporate governance in complying with the Code of Corporate Governance 2012 (the "Code") which forms part of the continuing obligations of the Singapore Exchange Securities Trading Limited Listing Manual. The Company believes that good corporate governance provides the framework for an ethical and accountable corporate environment, which is essential to the long term sustainability of the Company's businesses and performance, as well as protection of shareholders' interests.

This report describes the Group's corporate governance practices that were in place throughout the financial year ended 31 December 2014. Where there is any material deviation from any principles and guidelines of the Code, an explanation has been provided within this report.

BOARD MATTERS

Principle 1: The Board's conduct of its affairs

The primary function of the Board of Directors (the "Board") is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. The Board oversees the business affairs of the Group. The Board has the overall responsibility for reviewing the strategic plans and performance objectives, financial plans and annual budget, key operational initiatives, major funding and investment proposals, financial performance reviews, and corporate governance practices.

In addition, the principal duties of the Board include the following:

- Provide entrepreneurial leadership, set strategic aims, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- Establish a framework of prudent and effective controls which enables risk to be assessed and managed, including safeguarding of shareholders' interest and the Company's assets;
- Review management performance;
- Identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
- Set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and others stakeholders are understood and met; and
- Consider sustainability issues, e.g., environmental and social factors, as part of the strategic formulation.

Independent judgement

All directors exercise due diligence and independent judgement, and make decisions objectively in the best interests of the Group. This is one of the performance criteria for the peer and self-assessment on the effectiveness of the individual directors.

CORPORATE GOVERNANCE REPORT

The current members of the Board and their membership on the board committees of the Company are as follows:

		Board Committee Membership		
Name of directors	**Position**	**Audit**	**Remuneration**	**Nominating**
Lim Tiam Seng	Executive Chairman	–	–	–
Lim Tiang Chuan	Executive Deputy Chairman	–	–	–
Hoon Tai Meng	Executive Director	–	–	Member
Dawn Lim Sock Kiang	Executive Director	–	–	–
Goh Chee Wee	Independent Director	Chairman	Chairman	Member
Ang Mong Seng	Independent Director	Member	Member	Member
Cheng Heng Tan	Independent Director	Member	Member	Chairman

Delegation by the Board

The Board has delegated certain functions to various board committees, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). Each of the various board committees has its own written terms of reference and whose actions are reported to and monitored by the Board. In view of its size and lean composition, the Board has decided not to set up a Risk Management Committee. Nonetheless, it has delegated risk management to the AC. The Board accepts that while these various board committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

Key features of board processes

The Board meets on a quarterly basis to review the key activities and business strategies of the Group and as and when warranted by particular circumstances. Telephonic attendance and video conferencing at Board and board committee meetings are allowed under the Company's Articles of Association.

The details of the number of Board meetings and board committees held in the year as well as the attendance of each board member at those meetings are disclosed below:

	Board of Directors	**Audit Committee**	**Remuneration Committee**	**Nominating Committee**
No. of meetings held	**4**	**4**	**2**	**1**
		No. of meetings attended		
Directors				
Lim Tiam Seng	4	–	–	–
Lim Tiang Chuan	4	–	–	–
Chia Lee Meng Raymond *	4	–	–	–
Hoon Tai Meng	4	–	–	1
Dawn Lim Sock Kiang	3	–	–	–
Goh Chee Wee	4	4	2	1
Ang Mong Seng	4	4	2	1
Cheng Heng Tan	4	4	2	1

* Chia Lee Meng Raymond resigned as a director, Executive Deputy Chairman and Group Chief Executive Officer with effect from 31 December 2014.

CORPORATE GOVERNANCE REPORT

Board approval

The Company has adopted internal guidelines setting forth matters that require the Board's approval. During the year, the Board has met to review and approve amongst other matters, the approval of the quarterly, half year and full year results announcements prior to their release to the SGX-ST, the Group's corporate strategies, major investments, review of the Group's financial performance, interested parties transactions, recommendation of dividends, the approval of directors' report and statement by the directors, etc.

Induction and training of directors

Newly-appointed directors would receive formal letters, setting out their duties and obligations. The Group also conducts an orientation programme for new directors to familiarise them with the business activities of the Group, its strategic direction and corporate governance practices.

To keep pace with new laws, regulations, changing commercial risks and accounting standards, all directors engages in constant dialogues with the management and professionals from time to time. In addition, directors are also encouraged to attend, at the Group's expense, relevant and useful seminars for their continuing education and skills improvement courses that are conducted by external organisations. The company secretary will bring to directors' attention, information on seminars that may be of relevance or use to them.

Principle 2: Board composition and guidance

Board size and board composition

The Board comprises 7 directors, 3 of whom are independent directors. Each year, the NC reviews the size and composition of the Board and board committees and the skills and core competencies of its members to ensure an appropriate balance of skills, experience and gender. These competencies include banking, accounting and finance, business acumen, management experience, industry knowledge, strategic planning experience, customer-based knowledge, familiarity with regulatory requirements and knowledge of risk management. The Board considers that its directors possess the necessary competencies and knowledge to lead and govern the Group effectively.

Taking into account the nature and scope of the Group's operations and the number of board committees, the Board considers the board size and composition as appropriate. The Board believes that the current size and composition provides sufficient diversity without interfering with efficient decision-making. The directors' credentials including working experience, academic and professional qualifications are presented at the Board of Directors section of the annual report.

Directors' independence review

A director who has no relationship with the Group, its related corporations, officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Group, is considered to be independent.

The NC determines the independence of each director annually. For the purpose of determining directors' independence, every director has provided declaration of his independence which is deliberated upon by the NC and the Board.

After taking into account the views of the NC, the Board considers all the independent directors of the Company, are independent in character, judgement and that there are no relationships which are likely to affect or could appear to affect the directors' judgement.

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The Board also recognises that independent directors may over time develop significant insights in the Group's business and operations, and continue to provide significant and valuable contributions objectively to the Board as a whole. When there are such directors, the Board will do a rigorous review of their continuing contribution and independence and may exercise its discretion to extend the tenures of these directors. Presently, Mr Goh Chee Wee and Mr Ang Mong Seng have served as independent directors of the Company for more than nine years since their initial appointments in 1999 and 2003 respectively. The Board has subjected their independence to a particularly rigorous review.

Taking into account the views of the NC, the Board concurs that Mr Goh Chee Wee and Mr Ang Mong Seng continue to demonstrate strong independence in character and judgement in the discharge of their responsibilities as directors of the Company. They have continued to express their individual viewpoints, debated issues and objectively scrutinised and challenged the management. They have sought clarification and amplification as they deemed required, including through direct access to the Group's employees.

Further, having gained in-depth understanding of business and operating environment of the Group, they provide the Company with much needed experience and knowledge of the industry. Based on the declaration of independence received from Mr Goh Chee Wee and Mr Ang Mong Seng, they have no association with the management that could compromise their independence. After taking into account all these factors, the Board has determined that Mr Goh Chee Wee and Mr Ang Mong Seng continue to be considered as independent directors, notwithstanding they have served on the Board for more than nine years from the dates of their first appointment.

Role of the non-executive directors

The non-executive directors ("NEDs") participate actively in the Board meetings. With their professional expertise, experience and knowledge, they provide constructive advice and guidance for effective discharge by the Board of its principal functions over the Group's strategies, businesses and other affairs. The NEDs also constructively challenge and aid the development of directions on strategy as well as review the performance of the management in achieving agreed goals and objectives. In addition, they also monitor the reporting of the Group's performance.

The NEDs meet and discuss on the Group's affairs without the presence of the management where necessary.

Principle 3: Chairman and Chief Executive Officer ("CEO")

The Group's Executive Chairman is Mr Lim Tiam Seng. He takes a leading role in the Group's drive to achieve and maintain a high standard of corporate governance with the full support of the directors, company secretary and management. He approves the agendas for the Board meeting, ensures sufficient allocation of time for thorough discussion of agenda items and promotes a culture of openness and debate at the Board. He also ensures that Board matters are effectively organised to enable directors to receive complete, adequate and timely information in order to make sound decisions, promote constructive relations within the Board and between the Board and management, and ensure effective communication with the shareholders. He also facilitates the effective contributions from NEDs.

The Executive Chairman is assisted by the Executive Deputy Chairman and the executive directors who manage and supervise the day-to-day business operations of the Group in accordance with the strategies, policies, budgets and business plans approved by the Board. They are assisted by the managing directors, chief financial officer and general managers to oversee the daily running of the Group's operations and execution of strategies and policies.

The Board is of the view that there is sufficient safeguard and checks to ensure that there is a good balance of power, accountability and capacity of the Board for independent decision making. The Company will appoint a lead independent director after the forthcoming annual general meeting ("AGM").

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Principle 4: Board membership

NC composition

The NC comprises the following four members, three of whom are independent non-executive directors and one executive director:

1. Mr Cheng Heng Tan (Chairman);
2. Mr Goh Chee Wee;
3. Mr Ang Mong Seng; and
4. Mr Hoon Tai Meng.

The NC holds at least 1 NC meeting within each financial year and also as warranted by particular circumstances, as deemed appropriate by the NC.

The NC, which has written terms of reference, is responsible for making recommendations to the Board on all board appointments and re-appointments. The key terms of reference of the NC include the following:

- Review and recommend to the Board on the appointment and re-appointment of directors;
- Review the skills required by the Board, and the size of the Board;
- Ensure that the Company adheres to the board composition rules, including having independent directors make up at least one-third of the Board;
- Evaluate whether or not a director is able to and has been adequately carrying out his/her duties as director of the Company, when he/she has multiple board representations;
- Develop a process for evaluating the performance of the Board and each individual director;
- Formal assessment of the effectiveness of the Board as a whole and each individual director;
- Review the training and professional development programmes for the Board; and
- Review the Board succession plans for directors, in particular, the Chairman and the Group CEO.

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Key information on the directors is set out below:

Name of directors	Position	Date of first appointment as a director	Date of last re-appointment as a director	Present directorships or chairmanships in other listed companies	Directorships or chairmanships held over the preceding three years in other listed companies	Other principal commitments	Due for re-appointment at the AGM
Lim Tiam Seng	Executive Chairman	23 October 1998	25 April 2014	None	None	None	Retirement (Section 153 of the Companies Act, Cap. 50)
Lim Tiang Chuan	Executive Deputy Chairman	23 October 1998	25 April 2013	None	None	None	N.A.
Hoon Tai Meng	Executive Director	2 November 1999	25 April 2014	• Sin Ghee Huat Corporation Ltd • Pavillon Holdings Ltd	• China Video Surveillance Ltd • Intraco Limited • Yangtze China Investment Ltd	None	N.A.
Dawn Lim Sock Kiang	Executive Director	1 December 2009	25 April 2013	None	None	None	Retirement by rotation (Article 115)
Goh Chee Wee	Independent Director	2 November 1999	25 April 2014	• Beng Kuang Marine Ltd • King Wan Corporation Ltd • Sin Ghee Huat Corporation Ltd • Sinotel Technologies Ltd • Stamford Tyres Corporation Ltd • Chailease Holding Company Ltd	• Sino-Environment Technology Group Ltd	• Director of NTUC Foodfare Co-operative Ltd, Foodfare Catering Pte Ltd, SLF Properties Pte Ltd and SLF International Pte Ltd	N.A.
Ang Mong Seng	Independent Director	19 March 2003	25 April 2014	• United Fiber System Ltd • Hoe Leong Corporation Ltd • Annaik Ltd • Gaylin Holdings Ltd	• VicPlas International Ltd • Ecowise Holdings Ltd	• Director of Pei Hwa Foundation Ltd and The Chinese Opera Institute • Sole-proprietor of Ang Mong Seng Consultants	N.A.
Cheng Heng Tan	Independent Director	20 July 2011	25 April 2012	None	None	• Director and substantial shareholder of Omakase Burger Group	Retirement by rotation (Article 115)

Note:

The details of directors' credentials including working experience, academic and professional qualifications, shareholding in the Company and its related corporations and directorships can be found in the Board of Directors and directors' report sections of the annual report.

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Directors' time commitments and multiple directorships

The NC determines annually whether a director with multiple board representations and/or other principal commitments is able to and has been adequately carrying out his/her duties as a director of the Company. Each director is also required to confirm annually to the NC as to whether he has any issue with competing time commitments which may impact his ability to provide sufficient time and attention to his duties as a director of the Company.

The NC takes into account the results of the assessment of the effectiveness of the individual director, the director's annual confirmation and the directors' actual conduct on the Board, in making this determination.

In respect of FY2014, the NC was of the view that each director's directorship was in line with the Company's guideline of a maximum of 8 listed company board representations and that each director has discharged his/her duties adequately.

Process for selection and appointment of new directors

The NC has put in place a formal process for the selection of new directors to increase transparency of the nomination process in identifying and evaluating nominees for directors. The NC leads the process as follows:

- NC evaluates the balance, skills, knowledge and experience of the existing Board and the requirements of the Group. In light of such evaluation, the NC determines the role and the key attributes that an incoming director should have.

- After endorsement by the Board of the key attributes, the NC taps on the resources of directors' personal contacts and recommendations of the potential candidates and goes through a short-listing process. If candidates identified from this process are not suitable, executive recruitment agencies are appointed in the search process.

- NC meets with the shortlisted candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required.

- NC recommends the most suitable candidate to the Board for appointment as director.

Process for re-appointment of directors

The NC is responsible for re-appointment of directors. In its deliberations on the re-appointment of existing directors, the NC takes into consideration the director's contribution and performance.

The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings of the Board and board committees as well as the quality of intervention and special contribution.

All directors submit themselves for re-nomination and re-appointment at regular intervals of at least once every three years. Article 115 of the Company's Articles of Association provides that one-third of the directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and be subject to re-appointment at the Company's AGM.

In addition, Article 119 of the Company's Articles of Association provides that a newly appointed director during the financial year must retire and submit himself/herself for re-appointment at the next AGM following his/her appointment. Thereafter, he or she is subject to be re-appointed at least once every three years.

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Pursuant to the one-third rotation rule, Mr Cheng Heng Tan and Ms Dawn Lim Sock Kiang will retire and submit themselves for re-appointment at the forthcoming AGM. Pursuant to Section 153 of the Companies Act, Cap. 50, Mr Lim Tiam Seng will retire and submit himself for re-appointment at the forthcoming AGM. The NC is satisfied that the directors retiring in accordance with Article 115 of the Company's Articles of Association and Section 153 of the Companies Act, Cap. 50 at the forthcoming AGM are properly qualified for re-appointment by virtue of their skills, experience and their contribution of guidance and time to the Board's deliberations. Each member of the NC abstains from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolution, in respect of the assessment of his own performance or re-nomination as a director.

Principle 5: Board performance

The Board has implemented a process carried out by the NC, for assessing the effectiveness of the Board as a whole and individual director on an annual basis.

At the end of each year, each board member is required to complete a board appraisal form and director's assessment form and send the forms to the NC Chairman before the NC meeting. Based on the returns, the NC Chairman will prepare a consolidated report and present the report to the Board at the board meeting to be held before the annual general meeting.

The NC decides on how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the Board's approval, which allow for comparison to industry peers and which address how the directors have enhanced long-term shareholders' value. It also considers the Company's share price performance on a quarterly basis.

The Chairman would act on the results of the performance evaluation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of directors, in consultation with the NC.

Principle 6: Access to information

<u>Complete, adequate and timely Information</u>

The management recognises the importance of ensuring the flow of complete, adequate and timely information to the directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities. The Board has separate and independent access to the management and is entitled to request additional information from the management.

To allow directors sufficient time to prepare for the meetings, except for ad hoc and urgent meeting, all Board and board committee papers are distributed to directors at least 3 working days in advance of the meeting. Any additional material or information requested by the directors is promptly furnished. Key management who can provide additional insight into the matters to be discussed will be present at the relevant time during the Board and board committee meetings.

On a quarterly basis, the Head of internal audit also provides the Board with internal audit report. This report includes:

- Status of the audits in the annual internal audit plan;
- Key findings arising from completed audits; and
- Implementation status of outstanding management action plans (if any).

CORPORATE GOVERNANCE REPORT

Company secretary

Directors have separate and independent access to the company secretary. The company secretary is responsible for, among other things, ensuring that Board procedures are observed and that Company's Memorandum and Articles of Association, relevant rules and regulations, including requirements of the Companies Act, Cap. 50 and SGX-ST's Listing Manual, are complied with. He/She also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term shareholder value.

The company secretary assists the Chairman in ensuring good information flows within the Board and its board committees and between the management and NEDs. The company secretary also facilitates the orientation and assists with professional development as required.

The company secretary attends and prepares minutes for all Board meetings and also assists in ensuring coordination and liaison between the Board, the board committees and management. In addition, the company secretary also assists the Chairman of the Board, the Chairman of board committees and the management in the development of the agendas for the various Board and board committee meetings.

The appointment and the removal of the company secretary are subject to the Board's approval.

Independent professional advice

The Board has a process for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Group's expense.

REMUNERATION MATTERS

Principle 7: Procedures for developing remuneration policies

RC

The RC comprises the following three members, all of whom are independent non-executive directors:

1. Mr Goh Chee Wee (Chairman);
2. Mr Cheng Heng Tan; and
3. Mr Ang Mong Seng.

The RC is responsible for ensuring a formal and transparent procedure for developing policies on executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel.

During the year, the RC has met twice and carried out its duties in accordance with its terms of reference, which include reviews and recommendations on all matters concerning the remuneration packages of executive directors, staff related to directors as well as certain key management personnel; and also review the Group's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and implement and administer the Chip Eng Seng Employee Share Option Scheme 2013 ("ESOS") and the Chip Eng Seng Performance Share Plan ("Performance Share Plan").

The RC's recommendations were made in consultation with the Chairman of the Board and none of the members of the RC or any director is involved in deliberations in respect of any remuneration, compensation, share-based incentives or any form of benefits to be granted to him/her. The RC from time to time and where necessary seeks advice from external remuneration consultant in framing the remuneration policy and determining the level and mix of remuneration for directors and key management personnel.

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During the year, the RC sought views from an external consultant, Hay Group, to provide advice on market practices and benchmark data on board and executive compensation. The RC undertook the review of the independence and objectivity of the external consultant, and has confirmed that Hay Group and its principal consultant do not have any connection with the Group or any of its directors which could affect their independence and objectivity.

Principle 8: Level and mix of remuneration
Principle 9: Disclosure of remuneration

Remuneration of executive directors and key management personnel

The Company has a framework of remuneration for the Board members, staff related to directors and key management personnel. Under this framework, the total remuneration comprises fixed and variable components. The fixed component comprises basic salary, contractual bonus, statutory employer's contributions to the Central Provident Fund and fixed allowances. In setting remuneration packages, the Group takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual directors and key management personnel. Variable component comprises non-contractual bonus and profit sharing that is linked to corporate and individual performance. The Company also has an ESOS and a Performance Share Plan, which aim to provide long-term incentive for directors and key management personnel to encourage loyalty and align the interest of the directors and key management personnel with those of the shareholders. For details of ESOS and Performance Share Plan, please refer to the directors' report of the annual report.

Use of contractual provisions for executive directors and key management personnel

During the year, service contracts with executive directors were revised and contain a reclamation of incentive component clause to safeguard the Group's interest in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss or fraud by executive directors or key management personnel.

For the existing service contracts with key management personnel, the RC will incorporate such clause in the next revision of service contracts.

Remuneration of NEDs

The RC reviews the scheme put in place by the Company for rewarding the NEDs to ensure that the compensation commensurates with the effort, time spent and responsibilities of the NEDs.

With regards to the scope and extent of a director's responsibilities and obligations, the prevailing market conditions, and referencing directors' fees against comparable benchmarks, the Board has agreed with the RC's recommendation that the current fee structure for NEDs to remain unchanged from the financial year ended 31 December 2013.

The fees for NEDs comprise a basic retainer fee, additional fees for appointment to board committees and a one-off incentive depending on the Group's performance. The Chairman of each board committee is also paid a higher fee compared with the members of the respective committees in view of the greater responsibility carried. Each member of the RC abstains from voting in respect of their own respective director's fees

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The framework for determining NEDs' fees is as follows:

Basic retainer fee	
Non-executive directors	S$ 50,000 per annum
Audit Committee	
Committee Chairman	S$ 25,000 per annum
Committee member	S$ 15,000 per annum
Nominating Committee or Remuneration Committee	
Committee Chairman	S$ 10,000 per annum
Committee member	S$ 5,000 per annum

The directors' fees payable to NEDS are subject to shareholders' approval at the Company's upcoming AGM. A share-based compensation scheme has also been implemented to better align the interests of NEDs and shareholders.

Remuneration of directors and the Group CEO

The remuneration paid to or accrued to each individual director and former Group CEO for FY2014 is as follows:

Remuneration bands and name of directors	Base salary[1]	Variable payment[2]	Other benefits[3]	Fees[4]	Total
Above $1,000,000					
Lim Tiam Seng	10%	89%	1%	–	100%
Lim Tiang Chuan	24%	75%	1%	–	100%
Chia Lee Meng Raymond [5]	6%	93%	1%	–	100%
Hoon Tai Meng	25%	74%	1%	–	100%
$800,000 to $999,999					
Dawn Lim Sock Kiang	31%	68%	1%	–	100%
Below $200,000					
Goh Chee Wee	–	–	–	100%	100%
Ang Mong Seng	–	–	–	100%	100%
Cheng Heng Tan	–	–	–	100%	100%

1. Base salary includes contractual bonus and employer's Central Provident Fund contributions.
2. Variable payment includes performance bonus, profit sharing and employer's Central Provident Fund contribution with respect to that payment.
3. Other benefits refer to benefits-in-kind such as car benefits made available as appropriate.
4. Approved by shareholders as a lump sum at the AGM held on 25 April 2014.
5. Chia Lee Meng Raymond resigned as a director, Executive Deputy Chairman and Group CEO with effect from 31 December 2014.

The remuneration of each individual executive director is not disclosed in dollar terms as the Company considers information pertaining to the remuneration of its executive directors commercially sensitive. The Company operates in a highly competitive environment where poaching of employees by competitors is fairly common.

The remuneration of independent directors comprises only directors' fees. The framework for determining the directors' fees is disclosed in the earlier paragraph (Remuneration of NEDs).

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Remuneration of top five key management personnel

In the interest of maintaining good morale and a strong spirit of teamwork within the Group, the Company has weighed the advantages and disadvantages of the disclosure relating to the individual and aggregate remuneration of the Group's top 5 key management personnel (who are not directors) for the financial year ended 31 December 2014 and believe that such disclosure may be prejudicial to its business interest given the highly competitive environment it is operating in. Their profiles are found on pages 22 and 23 of the annual report.

Remuneration of employees who are immediate family members of a director

	Relationship with director	Base salary[1]	Variable payment[2]	Allowances and other benefits[3]
$350,000 to $399,999				
Lim Sock Joo	Daughter of Lim Tiam Seng; Niece of Lim Tiang Chuan; and Sister of Dawn Lim Sock Kiang.	59%	39%	2%
Lim Tian Moh	Brother of Lim Tiam Seng and Lim Tiang Chuan; and Uncle of Dawn Lim Sock Kiang.	62%	26%	12%
$300,000 to $349,999				
Lim Tian Back	Brother of Lim Tiam Seng and Lim Tiang Chuan; and Uncle of Dawn Lim Sock Kiang.	61%	27%	12%
Ha Vu Hoang	Son-in-law of Lim Tiam Seng; Nephew-in-law of Lim Tiang Chuan; and Spouse of Dawn Lim Sock Kiang.	64%	33%	3%
$200,000 to $249,999				
Lim Ling Kwee	Son of Lim Tiam Seng; Nephew of Lim Tiang Chuan; and Brother of Dawn Lim Sock Kiang.	64%	22%	14%

1. Base salary includes contractual bonus and employer's Central Provident Fund contributions.
2. Variable payment includes performance bonus, profit sharing and employer's Central Provident Fund contribution with respect to that payment.
3. Other benefits refer to benefits-in-kind such as car benefits made available as appropriate.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The management provides the Board with a continual flow of relevant information on a timely basis and meets the Board regularly for discussions on operational and financial matters.

The Board reviews and approves the results as well as any announcements before its release. The Board provides shareholders with quarterly and annual financial reports. Results for the first three quarters are released to shareholders within 45 days from the end of the quarter. Annual results are released within 60 days from the financial year-end. In presenting the annual and quarterly financial statements to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of the Group's position and prospects. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

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The Board also reviews legislation and regulatory compliance reports from the management to ensure that the Group complies with the relevant regulatory requirements.

For the financial year under review, Mr Hoon Tai Meng, an executive director and Mr Law Cheong Yan, the Chief Financial Officer ("CFO"), have provided assurance to the Board on the integrity of the financial statements for the Company and its subsidiaries.

Principle 11: Risk management and internal controls

The Board, with the assistance from the AC, is responsible for the governance of risk by ensuring that the management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving strategic objectives.

The AC is responsible for making the necessary recommendations to the Board such that an opinion regarding the adequacy and effectiveness of the risk management and internal control systems of the Group can be made by the Board in the annual report of the Company according to requirements in the SGX-ST's Listing Manual and the Code.

The Company, with the assistance from an external consultant, has established the Enterprise Risk Management Framework on policies, processes and systems pertaining to each of the key risk areas of the Group.

On an annual basis, the Group's internal audit function prepares an audit plan taking into consideration risks identified and assessed from the risk management system. This risk-based audit plan is approved by the AC and audits are conducted to assess the adequacy and effectiveness of the Group's system of internal controls in addressing financial, operational, information technology and compliance risks. In addition, material control weaknesses over financial reporting, if any, are highlighted by the external auditors in the course of the statutory audit.

All audit findings and recommendations made by the internal and external auditors are reported to the AC and significant findings are discussed at the AC meetings. The Group's internal audit function follows up on all recommendations to ensure timely remediation of audit issues and reports the status to the AC every quarter.

<u>Assurance from the an executive director ("ED") and CFO</u>

The Board has received written assurance from the ED and the CFO that:

a. The financial records of the Group have been properly maintained and the financial statements for the FY2014 give a true and fair view of the Group's operations and finances; and

b. The system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance, information technology controls and risk management systems.

Based on the reviews conducted by the management and both the internal and external auditors throughout the financial year, as well as the assurance from the ED and the CFO, the Board with the concurrence of the AC, is of opinion that the Group's internal controls were adequate and effective as at 31 December 2014 to address financial, operational, compliance, information technology controls and risk management systems which the Group considers relevant and material to its operations.

The Board notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen. Furthermore, the Board also acknowledge that no system of internal controls and risks management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, losses, fraud or other irregularities.

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Principle 12: Audit committee

The AC comprises the following three members, all of whom are independent non-executive directors:

1. Mr Goh Chee Wee (Chairman);
2. Mr Cheng Heng Tan; and
3. Mr Ang Mong Seng.

The Board is of the view that the members of the AC have recent and relevant accounting or related financial management expertise or experience to discharge the AC's functions.

The members of the AC carried out their duties in accordance with the terms of reference which include the following:

- Review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board.

- Review and report to the Board at least annually on the adequacy and effectiveness of the Group's internal controls, including financial, operational compliance and information technology controls and risk management systems.

- Review the adequacy and effectiveness of the Group's internal audit function at least annually, including the adequacy of internal audit resources and its appropriate standing within the Group, as well as the scope and the results of the internal audit procedures.

- Review the scope and results of the external audit work, the cost effectiveness of the audit, and the independence and objectivity of the external auditors.

- Recommend to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors.

- Review interested person transactions ("IPTs") in accordance with the requirements of the SGX-ST's Listing Manual.

The AC has explicit authority to investigate any matter within its terms of reference and is authorised to obtain independent professional advice. It has full access to and co-operation of the management and reasonable resources to enable it to discharge its duties properly. It also has full discretion to invite any director or executive officer or any other person to attend its meetings.

<u>Summary of the AC's activities</u>

The AC met four times during the year under review. The CFO, company secretary, internal auditors and external auditors are invited to these meetings. Other members of senior management are also invited to attend as appropriate to present reports.

During FY2014, the AC met with external auditors and internal auditors separately, without the presence of management. These meetings enable the external auditors and internal auditors to raise issues encountered in the course of their work directly to the AC.

The principal activities of the AC during FY2014 are summarised below:

a. Reviewed the quarterly and full year announcements, material announcements and all related disclosures to the shareholders before submission to the Board for approval;

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b. Reviewed the audit plan and audit report of the Company's internal and external auditors and ensures the adequacy of the Company's system of accounting controls and the co-operation given by the Company's management to the external and internal auditors;

c. Reviewed the annual financial statements and also discussed with the management, the CFO and the external auditors the significant accounting policies, judgment and estimate applied by the management in preparing the annual financial statements. Following the review and discussions, the AC then recommended to the Board for approval of the audited annual financial statements;

d. Recommended to the Board for re-appointment of Ernst & Young LLP as auditors of the Company for the ensuing year;

e. Undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them. The AC received a yearly report setting out the non-audit services provided by Ernst & Young LLP and the fees charged. An analysis of fees paid in respect of audit and non-audit services provided is disclosed in Note 8 to the financial statements;

f. Reviewed the nature and extent of non-audit services provided by the external auditors - the AC was satisfied that the nature and extend of such services would not affect the independence of the external auditors;

g. Reviewed the reports and findings from the internal auditors in respect of the adequacy of the Company's internal controls in management, business and service systems and practices; and

h. Reviewed the Group's IPTs to ensure that the transactions were carried out on normal commercial terms and are not prejudicial to the interests of the Company or its non-controlling shareholders. The AC is satisfied that the internal controls over the identification, evaluation, review, approval and reporting of IPTs was effective.

In appointing auditors for the Company's subsidiaries and significant associated companies, the Group has complied with Rules 712 and Rule 715 (read with Rule 716) of the SGX-ST's Listing Manual.

Interested person transactions

The Company has adopted an internal policy in respect of transactions with interested persons and requires all such transactions to be at arm's length and be reviewed by the AC. There was no interested person transaction entered during the financial year under review.

Whistle blowing

The AC also reviewed the adequacy of the whistle blower arrangements instituted by the Group through which staff and external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud. The Group will treat all information received confidentially and protect the identity and the interest of all whistleblowers. Anonymous disclosures will be accepted and anonymity honoured. Reports of suspected fraud, corruption, dishonest practices or other similar matters can be lodged by calling or emailing to Mr Hoon Tai Meng, an ED.

All cases reported are objectively investigated and appropriate remedial measures are taken where warranted. All whistle blowing matters are reviewed monthly by the AC Chairman and quarterly by the members of AC. Matters requiring immediate or urgent attention are reported immediately to the AC Chairman.

The policy is communicated via the Staff Handbook. On an ongoing basis, the whistle-blower policy is covered during staff training and periodic communication to all staff as part of the Group's efforts to promote awareness of fraud control.

CORPORATE GOVERNANCE REPORT

Principle 13: Internal audit

The Group has established an in-house internal audit function. The internal audit is an independent function within the Group. The Head of Internal Audit reports directly to the AC functionally and to an executive director administratively.

The AC approves the hiring, removal, evaluation and compensation of the Head of Internal Audit. The scope of authority and responsibility of the internal audit function is defined in the Group Internal Audit Charter, which is approved by the AC. The standards of the Internal Audit Charter are consistent with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The primary role of internal audit function is to assist the Board and senior management to meet the strategic and operational objectives of the Group, by providing an independent and objective evaluation of the adequacy and effectiveness of risk management, controls and governance processes. The annual internal audit plan is established in consultation with, but independent of, management. The internal audit plan is reviewed and approved by the AC. All internal audit findings, recommendations and status of remediation, are circulated to the AC, the executive director, the external auditors and relevant senior management every quarter.

The professional competence of the internal auditors is maintained or upgraded through training programmes, conferences and seminars that provide updates on auditing techniques, regulations, financial products and services. The internal audit function is staffed with suitably qualified experienced professionals with diverse operational and financial experience. The AC is satisfied that the internal audit function has adequate resources to perform its functions effectively.

The Head of Internal Audit presents the internal audit findings to the Board at each quarter. The AC meets with the Head of Internal Audit at least once annually, without the presence of management. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including the AC.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder rights

The Group recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected.

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

The Company ensures that shareholders have the opportunity to participate effectively and vote at general meetings of shareholders and informs shareholders of the rules, including voting procedures, governing such meetings.

Registered corporate shareholders or nominee companies, who are unable to attend the AGM are provided the option to appoint more than two proxies to attend and vote at the AGM. This allows shareholders who hold shares through such corporation to attend and participate in the AGM as proxies.

CORPORATE GOVERNANCE REPORT

Principle 15: Communication with shareholders

Disclosure of information on a timely basis

The Company is committed to providing its investors with a high level of transparency by engaging in regular, effective and fair communication with shareholders. In line with continuous disclosure obligations of the Company pursuant to the SGX-ST's Listing Manual, the Board's policy is to provide timely information to all shareholders of all major developments that impact the Group via SGXNET, press releases and corporate website at www.chipengseng.com.sg. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNET.

Interaction with shareholders

The Group values dialogue sessions with its shareholders. The Group believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

The Group has a dedicated investor relations team ("IR team") which focuses on facilitating communications with shareholders and analysts on a regular basis and attending to their queries or concerns.

Dividend policy

The Board aims to declare and pay an annual dividend. In considering the level of dividend payments, the Board takes into account various factors including:

- The profitability of the Company;
- The level of our available cash;
- The return on equity and retained earnings; and
- Our projected levels of capital expenditure and other investment plans.

Principle 16: Conduct of shareholder meetings

The Group supports and encourages active shareholder participation at general meetings. The Board believes that general meetings serve as an opportune forum for shareholders to meet the Board and key management personnel, and to interact with them. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via SGXNET and published in local newspapers, as well as posted on the company website.

The Chairman of the Board and the respective Chairman of the AC, the NC and the RC are usually present and available at the AGM to address shareholders' queries. Appropriate senior management personnel are also present at the meeting to respond, if necessary, to operational questions from shareholders. The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

Every matter requiring shareholders' approval is proposed as a separate resolution. Detailed information on each item in the AGM agenda is accompanied by explanatory notes in the notice of AGM. All resolutions put to the vote at a general meeting of the Company shall be decided on a show of hands. The Company also maintains minutes of the AGM, which includes the key comments and queries raised by shareholders and the responses from the Board and the management.

CORPORATE GOVERNANCE REPORT

Material contracts

Except as disclosed in Note 29 (Related Party Transactions) of the notes to the financial statements, there were no other material contracts of the Company and its subsidiaries involving the interests of each director or controlling shareholder, either still subsisting as at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

Dealing in company's securities

The Company has adopted an internal code on securities trading which sets out the implications of insider trading and provides guidance and internal regulation with regard to dealings in the Company's securities by the Company, its directors and officers of the Group. These guidelines prohibit dealing in the Company's securities on short-term considerations and while in possession of unpublished material price-sensitive information in relation to such securities, and during the "close period" which is defined as 2 weeks before the date of announcement of results for each of the first three quarters of the Company's financial year and one month before the date of announcement of the full year financial results, and ending on the date of the announcement of the relevant results.

The directors and key officers of the Group are notified in advance of the commencement of the "close periods" relating to the dealings in the Company's securities.

In view of the processes in place, in the opinion of the directors, the Company has complied with Listing Rule 1207(19) on Dealings in Securities.

FINANCIAL CONTENTS

DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Chip Eng Seng Corporation Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2014.

1. Directors

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

Lim Tiam Seng	(Executive Chairman)
Lim Tiang Chuan	(Executive Deputy Chairman)
Hoon Tai Meng	
Dawn Lim Sock Kiang	
Goh Chee Wee	
Ang Mong Seng	
Cheng Heng Tan	

In accordance with Article 115 of the Company's Articles of Association, Cheng Heng Tan and Dawn Lim Sock Kiang retire by rotation and, being eligible, offer themselves for re-election.

Pursuant to Section 153 of the Singapore Companies Act, Cap. 50, Lim Tiam Seng retires and being eligible, offers himself for re-election.

2. Arrangements to enable directors to acquire shares and debentures

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

3. Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company, as stated below:

	Direct interest			Deemed interest		
Name of Directors	**At 1.1.2014**	**At 31.12.2014**	**At 21.01.2015**	**At 1.1.2014**	**At 31.12.2014**	**At 21.01.2015**
Ordinary shares						
Lim Tiam Seng	60,499,000	60,499,000	60,499,000	17,198,000	17,198,000	17,198,000
Lim Tiang Chuan	44,177,000	44,177,000	44,177,000	–	–	–
Hoon Tai Meng	1,625,500	1,625,500	1,625,500	–	–	–
Dawn Lim Sock Kiang	15,377,000	15,377,000	15,377,000	30,000	30,000	30,000
Goh Chee Wee	1,135,500	1,135,500	1,135,500	–	–	–
Ang Mong Seng	146,000	146,000	146,000	–	–	–

DIRECTORS' REPORT

3. Directors' interests in shares and debentures (cont'd)

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

4. Directors' contractual benefits

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

5. Share Plans

The Company has a Chip Eng Seng Employee Share Option Scheme 2013 ("ESOS") and Chip Eng Seng Performance Share Plan ("CES Share Plan") which are administered by the Remuneration Committee comprising three directors namely Goh Chee Wee (Chairman), Ang Mong Seng (Member) and Cheng Heng Tan (Member). Details of the ESOS and CES Share Plan are as follows:

(a) ESOS

The ESOS was approved at an Extraordinary General Meeting held on 25 April 2013. The following persons are eligible to participate in the ESOS at the discretion of the Remuneration Committee:

(i) Confirmed employees who have attained the age of 21 years and hold such rank as may be designated by the Scheme Committee from time to time and who, in the opinion of the Scheme Committee, have contributed or will contribute to the success of the Group and/or Associated companies;

(ii) Executive directors;

(iii) Non-executive directors and;

(iv) Persons who are Controlling Shareholders or their Associates are permitted to participate in the ESOS (subject to them meeting the eligibility criteria set out above).

(b) CES Share Plan

Objectives

The CES Share Plan was approved at an Extraordinary General Meeting held on 27 April 2007. The CES Share Plan is to motivate participants to maintain a high level of performance and contribution and to attract and maintain a group of key executives and directors whose contributions are important to the long-term growth and profitability of the Group. In addition, it is to give recognition to the contribution made or to be made by the non-executive directors to the success of the Group.

5. Share Plans (cont'd)

(b) CES Share Plan (cont'd)

Eligibility

The following persons shall be eligible to participate in the CES Share Plan subject to the absolute discretion of the Remuneration Committee:

(i) All full-time employees of the Group, including a director of the Company and/or its subsidiaries who perform an executive function and have attained the age of 21 years;

(ii) Non-executive directors of the Company;

(iii) Any employee who have attained the age of 21 years of an associated company (a company which at least 20% but not more than 50% of its shares are held by the Company and/or its subsidiaries and over whose management the Company has control); and

(iv) Controlling Shareholders of the Company and their Associates within the above categories are eligible to participate in the CES Share Plan. Specific approval of Independent Shareholders is required for the participation of Controlling Shareholders of the Company and their associates as well as the actual number of shares to be awarded under the CES Share Plan.

Awards

Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribe performance targets and/or service conditions or otherwise having performed well and/or had a significant contribution to the Group.

Size of CES Share Plan

The total number of shares available to eligible Controlling Shareholders and their Associates under the CES Share Plan shall not exceed twenty-five per cent (25%) of the shares in respect of which the Company may grant under the CES Share Plan. In addition, the total number of shares available to each Controlling Shareholder or his Associate shall not exceed ten per cent (10%) of the number of shares in respect of which the Company may grant under the CES Share Plan.

The total number of shares to be awarded pursuant to the CES Share Plan when added to the number of shares issued and issuable under such other share-based incentive schemes of the Company, shall not exceed fifteen per cent (15%) of the total number of shares of the Company on the day preceding the relevant Award Date.

Grant of Share Plan

The grant of Awards under the CES Share Plan may be made from time to time during the year when the CES Share Plan is in force.

No performance shares were granted conditionally under the CES Share Plan during the year.

DIRECTORS' REPORT

6. Audit Committee

The Audit Committee (the "AC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and Company's management to the external and internal auditors
- Reviewed the quarterly and annual financial statements and the auditors' report on the annual financial statements of the Group and the Company before their submission to the board of directors
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor
- Met with the external auditor, other committees and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor
- Reviewed the nature and extent of non-audit services provided by the external auditor
- Recommended to the board of directors the external auditors to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

DIRECTORS' REPORT

7. Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

Lim Tiam Seng Executive Chairman	Lim Tiang Chuan Executive Deputy Chairman

Singapore
25 March 2015

STATEMENT BY DIRECTORS

We, Lim Tiam Seng and Lim Tiang Chuan, being two of the directors of Chip Eng Seng Corporation Ltd, do hereby state that, in the opinion of the directors:

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

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

On behalf of the board of directors:

Lim Tiam Seng Executive Chairman	Lim Tiang Chuan Executive Deputy Chairman

Singapore
25 March 2015

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2014

Independent Auditor's Report to the members of Chip Eng Seng Corporation Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Chip Eng Seng Corporation Ltd (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 57 to 131, which comprise the balance sheets of the Group and the Company as at 31 December 2014, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2014

Report on Other Legal and Regulatory Requirements

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

25 March 2015

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2014

	Note	2014 $'000	2013 $'000 (Restated)
Revenue	4	1,105,740	502,467
Cost of sales		(773,253)	(398,358)
Gross profit		332,487	104,109
Other items of income			
Interest income	5	784	2,099
Other income	6	40,276	15,062
Other items of expense			
Marketing and distribution		(5,770)	(20,539)
Administrative expenses		(56,755)	(43,315)
Finance costs	7	(4,453)	(2,011)
Share of results of associates		17,107	29,941
Profit before tax	8	323,676	85,346
Income tax expense	9	(42,946)	(11,972)
Profit for the year		280,730	73,374
Attributable to:			
Owners of the Company		280,733	73,374
Non-controlling interests		(3)	–
		280,730	73,374
Earnings per share attributable to owners of the Company (cents per share)			
Basic	10	44.07	11.32
Diluted	10	44.07	11.32

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	2014 $'000	2013 $'000
Profit for the year	280,730	73,374
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Net (deficit)/surplus on revaluation of freehold land and buildings	(163)	2,078
Share of gain on property revaluation of associates	1,190	737
Income tax relating to components of other comprehensive income	333	(428)
	1,360	2,387
Items that may be reclassified subsequently to profit or loss		
Net gain on fair value changes of available-for-sale financial assets	175	270
Foreign currency translation	(4,012)	(10,691)
	(3,837)	(10,421)
Other comprehensive loss for the year, net of tax	(2,477)	(8,034)
Total comprehensive income for the year	278,253	65,340
Attributable to:		
Owners of the Company	278,256	65,340
Non-controlling interests	(3)	–
Total comprehensive income for the year	278,253	65,340

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

BALANCE SHEETS

As at 31 December 2014

	Note	Group 2014 $'000	Group 31 December 2013 $'000 (Restated)	Group 1 January 2013 $'000 (Restated)
Non-current assets				
Property, plant and equipment	11	213,525	161,919	145,326
Investment properties	12	288,983	175,714	44,706
Intangible assets	13	294	297	279
Investment in associates	15	13,338	28,370	4,968
Other receivables	16	10,315	11,191	9,593
Investment securities	17	2,359	2,030	2,143
Current assets				
Gross amount due from customers for contract work-in-progress	18	9,137	11,224	7,547
Development properties	19	963,808	925,555	620,209
Prepayments and deposits	20	5,075	8,780	1,519
Trade and other receivables	16	216,441	129,449	151,619
Cash and short-term deposits	21	285,049	284,222	242,050
		1,479,510	1,359,230	1,022,944
Current liabilities				
Loans and borrowings	22	2,400	281,000	123,000
Gross amount due to customers for contract work-in-progress	18	20,104	28,225	24,251
Trade and other payables	23	110,543	367,778	186,639
Other liabilities	24	56,757	32,854	34,125
Income tax payable		54,542	12,875	46,503
		244,346	722,732	414,518
Net current assets		1,235,164	636,498	608,426
Non-current liabilities				
Loans and borrowings	22	938,416	487,523	338,750
Trade and other payables	23	79,481	13,595	10,725
Other liabilities	24	1,916	1,572	1,778
Deferred tax liabilities	25	7,753	14,521	3,703
		1,027,566	517,211	354,956
Net assets		736,412	498,808	460,485
Equity attributable to owners of the Company				
Share capital	26(a)	79,691	79,691	79,691
Treasury shares	26(b)	(27,374)	(12,006)	(10,922)
Retained earnings		697,245	442,193	398,790
Other reserves	27	(13,547)	(11,070)	(7,074)
		736,015	498,808	460,485
Non-controlling interests		397	–	–
Total equity		736,412	498,808	460,485

BALANCE SHEETS (CONT'D)

As at 31 December 2014

	Note	Company 2014 $'000	Company 2013 $'000
Non-current assets			
Property, plant and equipment	11	1,704	954
Intangible assets	13	269	205
Investment in subsidiaries	14	48,302	48,302
Investment in associates	15	650	650
Other receivables	16	224,458	124,252
Investment securities	17	2,331	2,018
Current assets			
Prepayments and deposits	20	2,293	129
Trade and other receivables	16	31,642	11,810
Cash and short-term deposits	21	22,970	8,034
		56,905	19,973
Current liabilities			
Trade and other payables	23	1,527	136
Other liabilities	24	22,032	12,851
Income tax payable		–	43
		23,559	13,030
Net current assets		33,346	6,943
Non-current liabilities			
Loans and borrowings	22	150,000	–
Deferred tax liabilities	25	5	5
		150,005	5
Net assets		161,055	183,319
Equity attributable to owners of the Company			
Share capital	26(a)	79,691	79,691
Treasury shares	26(b)	(27,374)	(12,006)
Retained earnings		108,826	115,897
Other reserves	27	(88)	(263)
Total equity		161,055	183,319

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

2014		Attributable to owners of the Company					
	Equity, total	Equity attributable to owners of the Company, total	Share capital (Note 26a)	Treasury shares (Note 26b)	Retained earnings	Other reserves, total (Note 27)	Non-controlling interests
Group	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Opening balance at 1 January 2014	498,808	498,808	79,691	(12,006)	442,193	(11,070)	–
Profit for the year	280,730	280,733	–	–	280,733	–	(3)
Other comprehensive income							
Net gain on fair value changes of available-for-sale financial assets	175	175	–	–	–	175	–
Net deficit on revaluation of freehold land and buildings	(163)	(163)	–	–	–	(163)	–
Income tax relating to components of other comprehensive income	333	333	–	–	–	333	–
Foreign currency translation	(4,012)	(4,012)	–	–	–	(4,012)	–
Share of other comprehensive income of associates	1,190	1,190	–	–	–	1,190	–
Other comprehensive loss for the year, net of tax	(2,477)	(2,477)	–	–	–	(2,477)	–
Total comprehensive income for the year	278,253	278,256	–	–	280,733	(2,477)	(3)
Contributions by and distributions to owners							
Purchase of treasury shares	(15,368)	(15,368)	–	(15,368)	–	–	–
Dividend for 2013 - paid (first and final dividend of 4.00 cents per share, tax exempt, one-tier tax)	(25,681)	(25,681)	–	–	(25,681)	–	–
Total contributions by and distributions to owners	(41,049)	(41,049)	–	(15,368)	(25,681)	–	–
Changes in ownership interests in subsidiaries							
Incorporation of a subsidiary with non-controlling interest	400	–	–	–	–	–	400
Total changes in ownership interest in subsidiaries	400	–	–	–	–	–	400
Total transactions with owners in their capacity as owners	(40,649)	(41,049)	–	(15,368)	(25,681)	–	400
Closing balance at 31 December 2014	736,412	736,015	79,691	(27,374)	697,245	(13,547)	397

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the financial year ended 31 December 2014

2013 Group	Equity, total $'000	Equity attributable to owners of the Company, total $'000	Share capital (Note 26a) $'000	Treasury shares (Note 26b) $'000	Retained earnings $'000	Other reserves, total (Note 27) $'000	Non-controlling interests $'000
		Attributable to owners of the Company					
Opening balance at 1 January 2013	460,485	460,485	79,691	(10,922)	398,790	(7,074)	–
Reclassification	–	–	–	–	(4,038)	4,038	–
Profit for the year	73,374	73,374	–	–	73,374	–	–
Other comprehensive income							
Net gain on fair value changes of available-for-sale financial assets	270	270	–	–	–	270	–
Net surplus on revaluation of freehold land and buildings	2,078	2,078	–	–	–	2,078	–
Income tax relating to components of other comprehensive income	(428)	(428)	–	–	–	(428)	–
Foreign currency translation	(10,691)	(10,691)	–	–	–	(10,691)	–
Share of other comprehensive income of associates	737	737	–	–	–	737	–
Other comprehensive loss for the year, net of tax	(8,034)	(8,034)	–	–	–	(8,034)	–
Total comprehensive income for the year	65,340	65,340	–	–	73,374	(8,034)	–
Contributions by and distributions to owners							
Purchase of treasury shares	(1,084)	(1,084)	–	(1,084)	–	–	–
Dividend for 2012 - paid (first and final dividend of 4.00 cents per share, tax exempt, one-tier tax)	(25,933)	(25,933)	–	–	(25,933)	–	–
Total contributions by and distributions to owners	(27,017)	(27,017)	–	(1,084)	(25,933)	–	–
Closing balance at 31 December 2013	498,808	498,808	79,691	(12,006)	442,193	(11,070)	–

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the financial year ended 31 December 2014

2014 Company	Total $'000	Share capital (Note 26a) $'000	Treasury shares (Note 26b) $'000	Retained earnings $'000	Other reserves (Note 27) $'000
Opening balance at 1 January 2014	183,319	79,691	(12,006)	115,897	(263)
Profit for the year	18,610	–	–	18,610	–
Other comprehensive income					
Net gain on fair value changes of available-for-sale financial assets	175	–	–	–	175
Other comprehensive income for the year, net of tax	175	–	–	–	175
Total comprehensive income for the year	18,785	–	–	18,610	175
Contributions by and distributions to owners					
Purchase of treasury share	(15,368)	–	(15,368)	–	–
Dividend for 2013 - paid (first and final dividend of 4.00 cents per share, tax exempt, one-tier tax)	(25,681)	–	–	(25,681)	–
Total contributions by and distributions to owners	(41,049)	–	(15,368)	(25,681)	–
Closing balance at 31 December 2014	161,055	79,691	(27,374)	108,826	(88)

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the financial year ended 31 December 2014

2013 Company	Total $'000	Share capital (Note 26a) $'000	Treasury shares (Note 26b) $'000	Retained earnings $'000	Other reserves (Note 27) $'000
Opening balance at 1 January 2013	118,196	79,691	(10,922)	53,998	(4,571)
Reclassification	–	–	–	(4,038)	4,038
Profit for the year	91,870	–	–	91,870	–
Other comprehensive income					
Net gain on fair value changes of available-for-sale financial assets	270	–	–	–	270
Other comprehensive income for the year, net of tax	270	–	–	–	270
Total comprehensive income for the year	92,140	–	–	91,870	270
Contributions by and distributions to owners					
Purchase of treasury share	(1,084)	–	(1,084)	–	–
Dividend for 2012 - paid (first and final dividend of 4.00 cents per share, tax exempt, one-tier tax)	(25,933)	–	–	(25,933)	–
Total transactions with owners in their capacity as owners	(27,017)	–	(1,084)	(25,933)	–
Closing balance at 31 December 2013	183,319	79,691	(12,006)	115,897	(263)

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Operating activities			
Profit before tax		323,676	85,346
Adjustments for:			
Amortisation of intangible assets	13	41	41
Depreciation of property, plant and equipment	11	3,856	3,491
Interest income		(784)	(2,099)
Dividend income from investment securities		(205)	(161)
Finance costs		4,453	2,011
Net gain on disposal of property, plant and equipment		(268)	(192)
Foreign currency translation adjustment		(5,621)	(10,296)
Net fair value gain on investment securities		(29)	(68)
Share of results of associates		(17,107)	(29,941)
Net fair value gain on investment properties	12	(37,902)	(13,000)
Net loss/(gain) on disposal of investment securities		2	(115)
Net loss on disposal of intangible assets		50	–
Impairment loss on/(reversal of) receivables	16	385	(21)
Gain from bargain purchase		–	(180)
Property, plant and equipment written off		86	3
Operating cash flows before changes in working capital		270,633	34,819
Changes in working capital:			
Increase in development properties		(38,253)	(105,938)
Decrease/(increase) in prepayments and deposits		3,705	(7,261)
(Increase)/decrease in trade and other receivables		(127,979)	22,662
(Decrease)/increase in gross amount due to customers for contract work-in-progress		(6,033)	296
Decrease in trade and other payables		(192,966)	(6,858)
Increase/(decrease) in other liabilities		24,247	(15,675)
Cash flows used in operations		(66,646)	(77,955)
Interest paid		(2,836)	(1,724)
Interest received		3,320	1,335
Income taxes paid		(7,714)	(35,209)
Net cash flows used in operating activities		(73,876)	(113,553)

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

CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

For the financial year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Investing activities			
Purchase of property, plant and equipment		(55,984)	(18,415)
Proceeds from disposal of property, plant and equipment		403	204
Proceeds from disposal of investment securities		11	566
Dividend income from associates and investment securities		33,428	6,218
(Advances to)/repayment from advances to associates		38,909	(1,088)
Proceeds from liquidation of associates		–	711
Net cash inflow on acquisition of subsidiary		–	5,840
Additions to intangible assets	13	(88)	(59)
Additions to investment properties		(75,224)	(118,008)
Net cash flows used in investing activities		(58,545)	(124,031)
Financing activities			
Repayment of loans and borrowings		(460,498)	(69,000)
Proceeds from loans and borrowings		484,395	375,773
Proceeds from issuance of term notes		150,000	–
Dividends paid on ordinary shares		(25,681)	(25,933)
Proceeds from issue of new shares by subsidiary to non-controlling interest		400	–
Purchase of treasury shares		(15,368)	(1,084)
Net cash flows from financing activities		133,248	279,756
Net increase in cash and cash equivalents		827	42,172
Cash and cash equivalents at beginning of the year		284,222	242,050
Cash and cash equivalents at end of the year	21	285,049	284,222

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

1. Corporate information

Chip Eng Seng Corporation Ltd is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange.

The registered office and principal place of business of the Company is located at 171 Chin Swee Road, #12-01 CES Centre, Singapore 169877.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed as below.

Details of the subsidiaries and associates as at 31 December 2014 are:

	Name of Company	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
				2014	2013
	Subsidiary companies				
	Held by the Company				
^	Chip Eng Seng Contractors (1988) Pte Ltd	Singapore	General building contractor	100	100
^	CEL Development Pte. Ltd.	Singapore	General building contractor, property developer and property investor	100	100
^	Evervit Development Pte Ltd	Singapore	Property investor	100	100
^	CES Engineering & Construction Pte. Ltd.	Singapore	General building contractor	100	100
^	CES-Precast Pte. Ltd.	Singapore	Manufacturing and trading of precast products	100	100
	Held by subsidiaries				
#	CES-China Holding Pte. Ltd.	Singapore	Dormant	100+	100
#	CEL Residential Development Pte Ltd	Singapore	Property developer	100	100
#	CEL Property (M) Pte Ltd	Singapore	Investment holding	100	–
#	CES-Balmoral Pte. Ltd.	Singapore	In the process of liquidation	100	100
^	CES-Vietnam Holdings Pte. Ltd.	Singapore	Investment holding	100	100
^	CES Land Pte. Ltd.	Singapore	Property developer	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

1. Corporate information (cont'd)

	Name of Company	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2014	2013
	Subsidiary companies (cont'd)				
	Held by subsidiaries (cont'd)				
^	CES-NB Pte. Ltd.	Singapore	Investment holding	100	100
^	CES-VH Holdings Pte. Ltd.	Singapore	Investment holding	100	100
^	CEL-Bedok Pte. Ltd.	Singapore	Property developer	100	100
^	CES Building and Construction Pte. Ltd.	Singapore	General building engineering services	100	100
^	CEL Property Investment (Australia) Pte. Ltd.	Singapore	Investment holding	100	100
^	CEL-Simei Pte. Ltd.	Singapore	Property developer	100	100
^	CEL-Fort Pte. Ltd.	Singapore	Property developer	100	100
^	CEL Pasir Panjang Pte. Ltd.	Singapore	Property developer and investment	100	100
^	CEL-Alexandra Pte. Ltd.	Singapore	Hotel owner and development, property investor and property developer	100	100
^	Grange Properties Pte. Ltd.	Singapore	Property developer	100	100
^	CES-West Coast Pte. Ltd.	Singapore	Property developer	100	100
^	CEL Property Pte. Ltd.	Singapore	Property developer and investment holding	100	100
^	PH Properties Pte. Ltd.	Singapore	Property developer	100	100
^	CEL Property Investment Pte Ltd	Singapore	Property investor	100	100
^	CEL-Yishun (Residential) Pte Ltd	Singapore	Property developer	100	100
^	CEL-Yishun (Commercial) Pte Ltd	Singapore	Property developer	100	100
^	Fernvale Development Pte Ltd	Singapore	Property developer	60	–
^^	CES Glenelg Pty Ltd	Australia	Property developer	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

1. Corporate information (cont'd)

	Name of Company	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2014	2013
	Subsidiary companies (cont'd)				
	Held by subsidiaries (cont'd)				
^^	CEL Australia Pty Ltd	Australia	Investment holding	100	100
^^	242 West Coast Highway Scarborough Pty Ltd	Australia	Property developer	100	100
^^	CES-McKenzie (VIC) Pty Ltd	Australia	Property developer	100	100
^^	CES-Queen (VIC) Pty Ltd	Australia	Property developer and investment	100	100
^^	CES Properties (AUS) Pty Ltd	Australia	Property investor	100	100
^^	CES-Victoria (VIC) Pty Ltd	Australia	Property developer	100	100
^^	CES-Precast Sdn. Bhd.	Malaysia	Manufacturing and trading of precast products	100	100
##	CEL Malacca Sdn. Bhd.	Malaysia	Property developer and investment holding	100	–
	CES (Vietnam) Management Services Co., Ltd.	Vietnam	Deregistered during the year	–	100
	Associated companies				
	Held by the company				
*	Ardille Pte Ltd	Singapore	Investment holding	38	38
	Held by associated companies				
*	ACP Metal Finishing Pte Ltd	Singapore	Provision of custom electro-plating and surface treatment services	38	38

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

1. Corporate information (cont'd)

	Name of Company	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2014	2013
	Associated companies (cont'd)				
	Held by subsidiaries				
^	Devonshire Development Pte. Ltd.	Singapore	Property developer	40	40
^	Punggol Field EC Pte. Ltd.	Singapore	Property developer	40	40
^	Pasir Ris EC Pte. Ltd.	Singapore	Property developer	40	40
^^	Viet Investment Link Joint Stock Company	Vietnam	Property developer	49	49
	The Ascent Real Estate Investment Co. Ltd	Vietnam	Disposed during the year	–	49

- \# Not required to be audited as these companies are considered dormant and exempted from audit under the Companies Act.
- \## No audited accounts as company was incorporated during the year.
- \+ During the year, the equity interest of the subsidiary was transferred from the Company to a subsidiary company.
- ^ Audited by Ernst & Young LLP, Singapore.
- ^^ Audited by member firms of Ernst & Young Global in the respective countries.
- * Audited by RSM Chio Lim LLP, Singapore.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

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

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

2.2 *Change in accounting policies*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective*

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

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

With the exception of FRS 115 and FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date. The Group is still evaluating the impact of FRS 109.

2.4 *Basis of consolidation and business combinations*

(a) Basis of consolidation

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

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

(b) **Business combinations and goodwill**

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

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

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

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

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

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

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 *Transactions with non-controlling interests*

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.6 *Foreign currency*

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

(a) ***Transactions and balances***

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) ***Consolidated financial statements***

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

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that 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 asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated.

2. Summary of significant accounting policies (cont'd)

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

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

Buildings	-	10 to 23 years
Leasehold land	-	23 to 99 years
Building and construction equipment	-	2 to 5 years
Motor vehicles	-	5 years
Furniture, fixtures and fittings	-	5 years
Computer and office equipment	-	3 to 5 years
Container office	-	5 years

Buildings under construction except for leasehold land, are not depreciated as these assets are not yet available for use.

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

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

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

2.8 *Investment properties*

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met.

Investment properties are initially measured at cost, including transaction costs.

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

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

2.9 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.9 *Intangible assets (cont'd)*

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

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Club membership

Club membership was acquired separately and is amortised on a straight line basis over its finite useful life of 10 years.

2.10 *Impairment of non-financial assets*

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. Summary of significant accounting policies (cont'd)

2.11 *Subsidiaries*

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

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

2.12 *Joint ventures and associates*

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.13 *Financial instruments*

(a) Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

(i) Loans and receivables

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

(ii) Available-for-sale financial assets

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

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

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

De-recognition

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

2. Summary of significant accounting policies (cont'd)

2.13 *Financial instruments (cont'd)*

(b) **Financial liabilities**

Initial recognition and measurement

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

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

Subsequent measurement

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

De-recognition

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

2.14 *Impairment of financial assets*

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

(a) ***Financial assets carried at amortised cost***

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.14 *Impairment of financial assets (cont'd)*

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

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

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

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

(b) ***Financial assets carried at cost***

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

(c) ***Available-for-sale financial assets***

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.15 *Cash and cash equivalents*

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

2.16 *Construction contracts*

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on surveys of work performed.

2.17 *Development properties*

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.18 *Provisions*

General

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

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

2.19 *Financial guarantee*

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

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

2.20 *Borrowing costs*

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

2.21 *Employee benefits*

(a) *Defined contribution plans*

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

2. Summary of significant accounting policies (cont'd)

2.21 *Employee benefits (cont'd)*

(b) ***Chip Eng Seng Performance share plan ("CES Share Plan")***

Employees received remuneration under the CES Share Plan in the form of fully-paid shares ("Awards") of the Company as consideration for services rendered.

The fair value of the employee services received in exchange for the award of the performance shares is recognised as an expense in the profit or loss with a corresponding increase in share-based compensation reserve. The total amount to be recognised over the vesting period is determined by reference to the fair value of the performance shares at the date of the award and the number of performance shares expected to be vested by vesting period. At each end of the reporting period, the Group revises its estimate of the number of performance shares that are expected to vest on vesting date. Any revision of this estimate is included in the profit or loss and a corresponding adjustment to share-based compensation reserve over the remaining vesting period.

Where treasury shares are reissued pursuant to the CES Share Plan, the cost of the treasury shares is reversed from the treasury account against the related balances previously recognised in the share-based compensation reserve. The resulting realised gain or loss on reissue net of any directly attributable incremental transaction costs and related income tax, is taken to the treasury shares reserve of the Company.

2.22 *Leases*

(a) ***As lessee***

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

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

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

(b) ***As lessor***

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.23(d). Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.23 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment excluding taxes or duty.

(a) ***Construction revenue***

Accounting policy for recognising construction contract revenue is stated in Note 2.16.

(b) ***Sale of completed development property***

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

(c) ***Sale of development property under construction***

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

- A contract to construct a property; or
- A contract for the sale of completed property

(a) Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

(b) Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e. revenue is recognised using the completed contract method).

(i) If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses.

(ii) In Singapore context, INT FRS 115 includes an accompanying note on application of INT FRS 115 in Singapore which requires the percentage of completion method of revenue recognition to be applied to sale of private residential properties in Singapore prior to completion of the properties that are regulated under the Singapore Housing Developers (Control and Licensing) Act (Chapter 130) and uses the standard form of sale and purchase agreements (SPAs) prescribed in the Housing Developers Rules. The accompanying note to INT FRS 115 does not address the accounting treatment for other SPAs, including SPAs with a Deferred Payment Scheme feature in Singapore.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.23 *Revenue (cont'd)*

(d) ***Rental income***

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

2.24 *Taxes*

(a) ***Current income tax***

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

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

(b) ***Deferred tax***

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.24 *Taxes (cont'd)*

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

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

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

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

(c) ***Sales tax***

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

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

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

2.25 *Share capital and share issuance expenses*

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

2.26 *Treasury shares*

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

2.27 *Contingencies*

A contingent liability is:

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

2. Summary of significant accounting policies (cont'd)

2.27 *Contingencies (cont'd)*

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

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

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

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

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

3. Significant accounting judgements and estimates

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

3.1 *Judgements made in applying accounting policies*

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

(a) ***Impairment of available-for-sale equity investments***

The Group records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(b) ***Determination of functional currency***

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices. Management has assessed that prices are mainly denominated and settled in the respective local currency of the entities of the Group. In addition, most of the entities' cost base is mainly denominated in their respective local currency. Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

3. Significant accounting judgements and estimates (cont'd)

3.1 *Judgements made in applying accounting policies (cont'd)*

(c) ***Determination of lease classification***

The Group has entered into commercial property leases on its investment properties. The Group evaluated the terms and conditions of the arrangements and assessed that the lease term does not constitute a substantial portion of the economic life of the commercial property and the minimum lease payment is not substantially all of the fair value of the leased asset. The Group determined that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

(d) ***Classification of property***

The Group determines whether a property is classified as investment property or development property:

- Investment property comprises land and buildings (principally offices and commercial warehouse) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

- Development property comprises property that is held for sale in the ordinary course of business. Principally, this is residential and commercial property that the Group develops and intends to sell before or on completion of construction.

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) ***Construction contracts***

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the surveys of work performed. Significant assumptions are required to estimate the recoverable variation works that will affect the stage of completion. In making these estimates, management has relied on past experience and knowledge of the project engineers. The carrying amounts of assets and liabilities arising from construction contracts at the end of each reporting period are disclosed in Note 18 to the financial statements. If the estimated total contract cost had been 2% higher than management estimate, the net carrying amount of the assets and liabilities arising from construction contracts would have been $22,580,000 (2013: $16,118,000) higher.

(b) ***Revaluation of investment properties and property, plant and equipment***

The Group carries its investment properties and property, plant and equipment at fair value, with changes in fair values being recognised in profit or loss and other comprehensive income respectively. The Group engaged real estate valuation experts to assess fair value as at 31 December 2014.

The fair values of investment properties and property, plant and equipment are determined by independent real estate valuation experts using market comparable approach, capitalisation approach and discounted cash flow approach.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

3. Significant accounting judgements and estimates (cont'd)

3.2 ***Key sources of estimation uncertainty (cont'd)***

(b) ***Revaluation of investment properties and property, plant and equipment (cont'd)***

The determination of the fair values of the investment properties and property, plant and equipment require the use of estimates on yield adjustments such as location, size, tenure, age and condition. These estimates are based on local market conditions existing at the end of each reporting date.

The key assumptions used to determine the fair value of the investment properties and property, plant and equipment are further explained in Note 11, 12 and 32(d)(i).

(c) ***Revenue recognition on development property under construction***

The Group recognises revenue for pre-completion sales of certain types of properties by reference to the stage of completion using the percentage of completion method. The stage of completion is measured based on the value of construction work certified by architects over the total contract value of construction of the development property. Significant assumptions are required to estimate the total development costs and the recoverable variation works that affect the stage of completion and the revenue respectively. In making these estimates, management has relied on past experience and knowledge of the project engineers. The carrying amounts of assets and liabilities as well as the revenue from sale of development property (recognised on percentage of completion basis) are disclosed in Note 19 and Note 4 to the financial statements respectively. If the estimated total development cost had been 2% higher than management estimate, the carrying amount of the assets arising from development properties under construction would have been $2,405,000 (2013: $4,855,000) higher.

4. Revenue

	Group	
	2014	**2013**
	$'000	**$'000**
Construction revenue	334,228	275,529
Sale of development properties		
- recognised on completion contract method	636,814	–
- recognised on percentage of completion basis	128,833	224,617
Rental income from investment properties (Note 12)	5,852	2,301
Management fees	13	20
	1,105,740	502,467

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

5. Interest income

	Group	
	2014	2013
	$'000	$'000
Interest income from loan and receivables	784	2,099

6. Other income

	Group	
	2014	2013
	$'000	$'000
Net gain from fair value adjustment of investment properties (Note 12)	37,902	13,000
Government grants	439	573
Deposits forfeited from buyers	316	312
Net gain on disposal of property, plant and equipment	268	192
Dividend income from investment securities	205	161
Net fair value gain on investment securities	29	68
Gain from bargain purchase	–	180
Net gain on disposal of investment securities	–	115
Others	1,117	461
	40,276	15,062

7. Finance costs

	Group	
	2014	2013
	$'000	$'000
Interest expense on bank loans and borrowings	16,434	12,351
Less: Interest expense capitalised in		
- Property, plant and equipment (Note 11)	(1,685)	(1,802)
- Investment properties (Note 12)	(1,170)	–
- Development properties (Note 19)	(9,126)	(8,538)
Total finance costs	4,453	2,011

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

8. Profit before tax

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

	Group	
	2014	**2013**
	$'000	**$'000**
Audit fees paid to:		
- Auditors of the Company	410	372
- Other auditors	–	4
Non-audit fees paid to:		
- Auditors of the Company	50	23
- Other auditors	–	–
Depreciation of property, plant and equipment (Note 11)	3,856	3,491
Amortisation of intangible assets (Note 13)	41	41
Net foreign exchange loss	2,656	2,091
Employee benefits expense (Note 28)	88,165	71,425
Operating lease expense (Note 30(b))	627	619
Impairment loss on/(reversal of) receivables	385	(21)
Property, plant and equipment written off	86	3

9. Income tax expense

Major components of income tax expense

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

	Group	
	2014	**2013**
	$'000	**$'000**
Consolidated income statement:		
Current income tax		
- current income taxation	55,306	4,310
- overprovision in respect of previous years	(5,531)	(577)
	49,775	3,733
Deferred income tax		
- origination and reversal of temporary differences	(6,829)	8,239
Income tax expense recognised in profit or loss	42,946	11,972

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

9. Income tax expense (cont'd)

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2014 and 2013 is as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Accounting profit before tax	323,676	85,346
Tax at the domestic rates applicable to profits in the countries where the Group operates	57,762	17,279
Adjustments:		
Non-deductible expenses	3,152	1,970
Income not subject to taxation	(8,297)	(888)
Deferred tax assets not recognised	2,271	3,026
Effect of partial tax exemption and tax relief	(467)	(377)
Overprovision in respect of previous years	(5,531)	(577)
Share of results of associates	(6,009)	(8,710)
Withholding tax	113	–
Others	(48)	249
Income tax expense recognised in profit or loss	42,946	11,972

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

10. Earnings per share

Basic earnings per share are calculated by dividing the profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company (after adjusting for interest expense on convertible redeemable preference shares) by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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For the financial year ended 31 December 2014

10. Earnings per share (cont'd)

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

	Group 2014 '000	Group 2013 '000
Profit, net of tax, attributable to owners of the Company used in the computation of basic and diluted earnings per share	$280,733	$73,374
Weighted average number of ordinary shares for basic and diluted earnings per share computation	636,983	648,314

There were no potentially dilutive ordinary shares in 31 December 2014 and 2013.

11. Property, plant and equipment

	At valuation	At cost						
Group	Freehold land and buildings $'000	Leasehold land and buildings $'000	Leasehold land and buildings under construction $'000	Container office, building and construction equipment $'000	Motor vehicles $'000	Computer and office equipment $'000	Furniture, fixture and fittings $'000	Total $'000
Cost or valuation								
At 1 January 2013	3,297	268	134,413	10,176	4,502	1,438	1,496	155,590
Additions	144	–	17,086	115	869	175	26	18,415
Disposals	–	–	–	–	(575)	(7)	–	(582)
Written off	–	–	–	–	–	(298)	(4)	(302)
Revaluation surplus	2,078	–	–	–	–	–	–	2,078
Exchange differences	(197)	–	–	(223)	(13)	(6)	(13)	(452)
At 31 December 2013 and 1 January 2014	5,322	268	151,499	10,068	4,783	1,302	1,505	174,747
Additions	–	483	52,441	559	2,005	437	59	55,984
Disposals	–	–	–	(92)	(684)	(2)	–	(778)
Written off	–	–	–	(179)	–	(518)	(1,308)	(2,005)
Reclassification	–	10,701	(10,701)	–	–	–	–	–
Revaluation surplus	(163)	–	–	–	–	–	–	(163)
Exchange differences	(91)	–	–	(71)	(4)	(2)	1	(167)
At 31 December 2014	5,068	11,452	193,239	10,285	6,100	1,217	257	227,618

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

11. Property, plant and equipment (cont'd)

	At valuation	At cost						
Group	Freehold land and buildings	Leasehold land and buildings	Leasehold land and buildings under construction	Container office, building and construction equipment	Motor vehicles	Computer and office equipment	Furniture, fixture and fittings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated depreciation								
At 1 January 2013	–	268	1,063	4,293	2,207	1,087	1,346	10,264
Depreciation charge for the year	40	–	1,404	1,039	784	181	43	3,491
Disposals	–	–	–	–	(565)	(5)	–	(570)
Written off	–	–	–	–	–	(295)	(4)	(299)
Exchange differences	(1)	–	–	(44)	(6)	(3)	(4)	(58)
At 31 December 2013 and 1 January 2014	39	268	2,467	5,288	2,420	965	1,381	12,828
Depreciation charge for the year	14	299	1,239	1,108	955	215	26	3,856
Disposals	–	–	–	(92)	(551)	–	–	(643)
Written off	–	–	–	(180)	–	(516)	(1,223)	(1,919)
Reclassification	–	203	(203)	–	–	–	–	–
Exchange differences	(1)	–	–	(24)	(3)	(1)	–	(29)
At 31 December 2014	52	770	3,503	6,100	2,821	663	184	14,093
Net carrying amount								
At 31 December 2013	5,283	–	149,032	4,780	2,363	337	124	161,919
At 31 December 2014	5,016	10,682	189,736	4,185	3,279	554	73	213,525

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For the financial year ended 31 December 2014

11. Property, plant and equipment (cont'd)

Company	Motor vehicles $'000	Computer and office equipment $'000	Furniture, fixture and fittings $'000	Total $'000
Cost				
At 1 January 2013	1,708	137	471	2,316
Additions	258	9	4	271
Written off	–	(85)	–	(85)
At 31 December 2013 and 1 January 2014	1,966	61	475	2,502
Additions	1,356	7	–	1,363
Disposal	(641)	–	–	(641)
Written off	–	(13)	(475)	(488)
At 31 December 2014	2,681	55	–	2,736
Accumulated depreciation				
At 1 January 2013	663	129	463	1,255
Depreciation charge for the year	367	7	4	378
Written off	–	(85)	–	(85)
At 31 December 2013 and 1 January 2014	1,030	51	467	1,548
Depreciation charge for the year	465	6	3	474
Disposal	(507)	–	–	(507)
Written off	–	(13)	(470)	(483)
At 31 December 2014	988	44	–	1,032
Net carrying amount				
At 31 December 2013	936	10	8	954
At 31 December 2014	1,693	11	–	1,704

Capitalisation of borrowing costs for assets under construction

The Group's leasehold land and building under construction with a carrying amount of $189,736,000 (2013: $145,061,000) are mortgaged to secure bank borrowing. The building under construction will comprise a 13-storey hotel tower housing 442 guest rooms above a 6-storey podium comprising 3-storeys of retail space and 3-storeys of car parking lots, at 323 Alexandra Road, Singapore. It has a gross floor area of 14,369 square metres and include the capitalised borrowing cost of $1,685,000 (2013: $1,802,000) during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

11. Property, plant and equipment (cont'd)

Revaluation of freehold land and buildings

The Group engaged MN Associates (KL) Sdn Bhd, an independent valuer to determine the fair value of the freehold land and buildings. The date of the revaluation was in December 2014. Details of valuation techniques and inputs used are disclosed in Note 32(d)(i).

12. Investment properties

	Group	
	2014	**2013**
	$'000	**$'000**
At 1 January	175,714	44,706
Net gains from fair value adjustments recognised in profit or loss (Note 6)	37,902	13,000
Additions (subsequent expenditure)	75,224	118,008
Exchange differences	143	–
At 31 December	288,983	175,714

The following amounts are recognised in the income statement:

Rental income (Note 4)	5,852	2,301
Direct operating expenses arising from rental generating properties	1,881	856

The investment properties held by the Group as at 31 December 2014 are as follows:

Description and location	**Tenure**	**Existing Use**	**Unexpired lease term**
2 adjoining units of 3-storey shophouses at 86, 86A, 86B Tanjong Pagar Road, Singapore	99 years from 27 September 1988	Shops and offices	73 years
A part 2-storey, part 4-storey shophouse at 161 Geylang Road, Singapore	99 years from 4 May 1993	Shops and offices	78 years
6-storey light industrial building with a basement carpark at 69 Ubi Crescent, Singapore	60 years from 5 July 1997	Light industrial building	43 years
3 adjoining units of 2-1/2 storey shophouses with 4-storey rear extension at 115 Geylang Road, Singapore	Freehold	Boarding hotel	–
12-storey office building at 171 Chin Swee Road, Singapore	99 years from 2 June 1969	Offices	54 years
11-storey office building at 420 St Kilda Road, Melbourne, Australia	Freehold	Offices	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

12. Investment properties (cont'd)

The Group has no restriction on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Borrowing costs of $1,170,000 (2013: Nil) arising from borrowings obtained specifically for investment properties were capitalised during the financial year.

Properties pledged as securities

The investment properties are mortgaged to secure banking facilities (Note 22).

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at balance sheet date. The valuations were performed by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, Savills Valuation and Professional Services (S) Pte Ltd, CBRE Pte Ltd and M3 Property, independent valuers with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. Details of valuations techniques and inputs used are disclosed in Note 32(d)(i).

13. Intangible assets

Club membership	Group $'000	Company $'000
Cost		
At 1 January 2013	354	228
Addition	59	–
At 31 December 2013 and 1 January 2014	413	228
Addition	88	88
Disposal	(59)	–
At 31 December 2014	442	316
Accumulated amortisation		
At 1 January 2013	75	–
Amortisation for the year	41	23
At 31 December 2013 and 1 January 2014	116	23
Amortisation for the year	41	24
Disposal	(9)	–
At 31 December 2014	148	47
Net carrying amount		
At 31 December 2013	297	205
At 31 December 2014	294	269

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For the financial year ended 31 December 2014

13. Intangible assets (cont'd)

The amortisation of club membership is included in the "Administrative expenses" line item in profit or loss. The remaining amortisation period range from 3 to 9 years (2013: 4 to 9 years).

14. Investment in subsidiaries

	Company	
	2014	2013
	$'000	$'000
Shares, at cost	48,302	48,302

Details regarding subsidiaries are set out in Note 1.

The Group's contingent liabilities in respect of its investment in subsidiaries are disclosed in Note 31.

Interest in subsidiary with material non-controlling interest (NCI)

The Group has the following subsidiary, which was incorporated on 15 August 2014 that has NCI that are material to the Group.

Name of Subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest %	Profit/(Loss) allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000	Dividends paid to NCI $'000
31 December 2014:					
Fernvale Development Pte Ltd	Singapore	40	(3)	397	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

14. Investment in subsidiaries (cont'd)

Summarised financial information about a subsidiary with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of a subsidiary with material non-controlling interest is as follows:

Summarised balance sheets

	Fernvale Development Pte Ltd 2014 $'000
Current	
Assets	507,474
Liabilities	(570)
Net current assets	506,904
Non-current	
Assets	–
Liabilities	(505,911)
Net non-current assets	(505,911)
Net assets	993

Summarised statement of comprehensive income

Revenue	–
Loss before and after tax	(7)
Other comprehensive income	–
Total comprehensive income	(7)

Other summarised information

Net cash flows used in operating activities	(503,223)
Net cash flows generated from financing activities	504,156
Land and development cost for development property	506,541

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For the financial year ended 31 December 2014

15. Investment in associates

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

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Punggol Field EC Pte. Ltd.	990	25,093	–	–
Pasir Ris EC Pte. Ltd.	5,048	(1,227)	–	–
Other associates	7,300	4,504	650	650
	13,338	28,370	650	650

Details regarding associates are set out in Note 1.

Dividends of $25,080,000 (2013: Nil) and $8,280,000 (2013: Nil) were received from Punggol Field EC Pte. Ltd. and Pasir Ris EC Pte. Ltd. respectively.

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

	Group	
	2014	2013
	$'000	$'000
Profit/(loss) after tax	3,931	(793)
Other comprehensive income	508	748
Total comprehensive income/(loss)	4,439	(45)

The summarised financial information of Pasir Ris EC Pte. Ltd. and Punggol Field EC Pte. Ltd., based on its FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	Pasir Ris EC Pte. Ltd.		Punggol Field EC Pte. Ltd.	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current asset and total assets	26,992	66,177	19,482	160,418
Current liabilities	(14,373)	(40,249)	(17,006)	(27,242)
Non- current liabilities	–	(28,996)	–	(70,444)
Total liabilities	(14,373)	(69,245)	(17,006)	(97,686)
Net assets	12,619	(3,068)	2,476	62,732
Proportion of the Group's ownership	40%	40%	40%	40%
Group's share of net assets	5,048	(1,227)	990	25,093
Carrying amount of the investment	5,048	(1,227)	990	25,093

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For the financial year ended 31 December 2014

15. Investment in associates (cont'd)

Summarised statement of comprehensive income

Revenue	236,087	–	6,852	492,448
Profit after tax	36,575	722	1,620	68,495
Other comprehensive income	–	–	–	–
Total comprehensive income	36,575	722	1,620	68,495

16. Trade and other receivables

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Trade and other receivables (current):				
Trade receivables	44,377	42,270	–	–
Sales proceeds and progress billing receivables	166,613	22,432	–	–
Refundable deposits	2,105	4,226	24	–
Recoverables	2,394	7,925	–	–
GST receivables	952	11,825	–	–
Amounts due from subsidiaries, trade	–	–	31,618	11,810
Amounts due from associates, non-trade	–	40,771	–	–
	216,441	129,449	31,642	11,810
Other receivables (non-current):				
Amounts due from subsidiaries, non-trade	–	–	224,458	124,252
Amounts due from associates, non-trade	9,875	10,581	–	–
Other receivables	440	610	–	–
	10,315	11,191	224,458	124,252
Total trade and other receivables (current and non-current, excluding GST receivables)	225,804	128,815	256,100	136,062
Add: Cash and short-term deposits (Note 21)	285,049	284,222	22,970	8,034
Total loans and receivables	510,853	413,037	279,070	144,096

Trade receivables denominated in foreign currencies at 31 December are as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Australia Dollar	20,589	21,024
Malaysian Ringgit	1,431	1,037

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

16. Trade and other receivables (cont'd)

Trade receivables and amount due from subsidiaries, trade (current)

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

Sales proceeds and progress billing receivables

Sales proceeds receivables relate to the remaining sales consideration not yet billed on completed development properties held for sale.

Progress billing receivables relate to the outstanding balance of progress billings which are due within 14 days after the purchasers receive the notices to make payment.

Recoverables

Recoverables relate mainly to payment for purchases made on behalf of sub-contractors.

Amounts due from subsidiaries, non-trade (non-current)

These amounts are unsecured and non-interest bearing, except for loans amounting to $222,558,000 at 1.25% p.a. above SIBOR and fixed rate at 4.25% p.a. (2013: $122,227,000 at 1.25% p.a. above SIBOR).

Amounts due from associates, non-trade (current and non-current)

Included in amounts due from associates are loans amounting to $Nil (2013: $39,776,000 which bear interest between 1.62% to 2.075% p.a.). The amounts of $Nil (2013: $39,776,000) are subordinated to the bank borrowings of the associated companies.

The remaining balances are unsecured and non-interest bearing.

Except for the current amounts due from associates amounting to $Nil (2013: $40,771,000), the remaining amounts are not expected to be repaid within the next 12 months. All amounts are to be settled in cash.

Other receivables (non-current)

These receivables bear interest at fixed rate of 4.0% p.a. (2013: 4.0%) and are expected to be repaid in 2018.

Trade receivables that are past due but not impaired

The Group and Company has no significant trade receivables past due that were not impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

16. Trade and other receivables (cont'd)

Receivables that are impaired

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

	Group	
	2014	**2013**
	$'000	**$'000**
Receivables – nominal amounts	2,537	2,152
Less: Allowance for impairment	(2,537)	(2,152)
	–	–
Movement in allowance accounts:		
At 1 January	2,152	2,173
Charge for the year	385	188
Reversal of impairment	–	(209)
At 31 December	2,537	2,152

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

17. Investment securities

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Available-for-sale financial assets				
Quoted shares, at fair value	2,331	2,018	2,331	2,018
Unquoted shares, at cost	28	–	–	–
Held for trading investments				
Quoted shares, at fair value	–	12	–	–
	2,359	2,030	2,331	2,018

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For the financial year ended 31 December 2014

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

	Group	
	2014	2013
	$'000	$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	1,250,589	892,357
Less: Progress billings	(1,261,556)	(909,358)
	(10,967)	(17,001)
Presented as:		
Gross amount due from customers for contract work-in-progress	9,137	11,224
Gross amount due to customers for contract work-in-progress	(20,104)	(28,225)
	(10,967)	(17,001)
Retention sums on construction contract included in trade receivables	8,500	11,696

19. Development properties

	Group	
	2014	2013
	$'000	$'000
Completed properties held for sale	34,496	328
Properties under development:		
Land cost	922,164	843,526
Development cost	120,270	242,767
Attributable profits	52,741	94,374
Progress billings	(165,863)	(255,440)
	929,312	925,227
Total development properties	963,808	925,555
Development properties recognised as an expense in cost of sales	498,881	164,075

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For the financial year ended 31 December 2014

19. Development properties (cont'd)

Details of the Group's development properties are as follows:

Description and location	% owned	Site area (sq metre)	Gross floor area (sq metre)	Year of completion/ stage of completion (expected year of completion)
<u>Completed properties held for sale</u>				
Singapore				
Public residential development (Belvia) at Bedok Reservoir Crescent, Singapore	100	16,668	46,671	2014
Freehold industrial development (100 Pasir Panjang) at Pasir Panjang Road, Singapore	100	5,035	12,588	2014
Leasehold commercial development (Alexandra Central) at 321 Alexandra Road, Singapore	100	7,946	8,671	2014
<u>Properties under development</u>				
Singapore				
Freehold residential development (Fulcrum) at Fort Road, Singapore	100	4,449	10,272	64% (2015)
Leasehold mixed development (Junction Nine and Nine Residences) at Yishun Avenue 9, Singapore	100	8,858	26,291	42% (2015)
Leasehold residential development at Fernvale Road, Singapore	60	34,018	102,054	0% (2019)
Australia				
Freehold residential development (Williamsons Estate) at 154-160 Williamsons Road, Doncaster, Victoria, Australia	100	28,002	26,810	0% (2016)
Freehold mixed development (Tower Melbourne) at 150 Queen Street, Melbourne, Australia	100	913	56,400	0% (2019)
Freehold mixed development (Hemisphere) at 170 Victoria Street, Melbourne, Australia	100	2,927	91,496	Planning*
Freehold mixed development (Whitesands) at 242 West Coast Highway, Scarborough, Western Australia	100	10,165	42,156	Planning

* Subsequent to year end, management commenced the discussion with interested parties on the potential divestment of the development property.

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For the financial year ended 31 December 2014

19. Development properties (cont'd)

During the financial year, borrowing costs of $9,126,000 (2013: $8,538,000) arising from borrowings obtained specifically for the development properties were capitalised under "Development Costs". Interest rate for borrowing costs capitalised during the year range from 1.36% to 2.27% (2013: 1.43% to 2.27%) per annum.

The development properties are subject to legal mortgages for the purpose of securing the bank loans (Note 22).

20. Prepayments and deposits

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Prepayments	4,356	1,511	2,293	129
Deposits for land purchase	719	7,269	–	–
	5,075	8,780	2,293	129

21. Cash and short-term deposits

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Cash at banks and on hand	85,278	117,903	5,589	7,695
Short-term deposits	135,631	846	17,381	339
Project account – cash at bank	64,140	165,473	–	–
	285,049	284,222	22,970	8,034

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 7 days and a month, depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short term deposit rates. The interest rates as at 31 December 2014 for the Group and the Company range from 0.13% to 2.34% (2013: 1.00% to 2.93%) and from 0.40% to 2.34% (2013: 1.96% to 2.66%) respectively.

As required by the Housing Developers (Project Account) Rules, project accounts are maintained with financial institutions for housing development projects undertaken by the Group. The operation of a project account is restricted to the specific project and governed by rules and regulations stipulated by the Housing Developers (Project Account) Rules. As at 31 December 2014, the project accounts have a total balance of $64,140,000 (2013: $165,473,000).

Cash and short-term deposits denominated in foreign currency at 31 December are as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Australian Dollar	3,042	5,395	42	339
Malaysian Ringgit	805	478	–	–

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22. Loans and borrowings

		Group		Company	
	Maturity	2014	2013	2014	2013
		$'000	$'000	$'000	$'000
Current:					
Secured bank loans	2015	2,400	281,000	–	–
Non-current:					
Secured bank loans	2016 to 2019	788,416	487,523	–	–
Unsecured term notes	2017	150,000	–	150,000	–
		938,416	487,523	150,000	–
Total loans and borrowings		940,816	768,523	150,000	–

Secured bank loans

The Group's bank loans are denominated in Singapore and Australian Dollars. As at 31 December 2014, the bank loans bear interest at varying rates from 1.32% to 4.27% (2013: 1.43% to 3.09%) per annum.

The bank loans are secured by:

(a) legal mortgage on the hotel project (Note 11), investment properties (Note 12) and development properties (Note 19);

(b) assignment of present and future tenancy and sales agreements;

(c) assignment of construction contracts, performance bonds and fire insurance policy;

(d) subordination of shareholder's loan;

(e) fixed and floating charge on all the assets of the development properties and hotel project;

(f) assignment of building agreement;

(g) assignment of dividends to be received;

(h) charge of bank accounts with the banker; and

(i) corporate guarantee from the Company.

Unsecured term notes

On 17 October 2014, the Company issued $150,000,000 of notes under the $500,000,000 Multicurrency Debt Issuance Programme. These notes which are unsecured and bear interest at a fixed rate of 4.25% per annum, payable semi-annually in arrear, will mature in October 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

23. Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current:				
Trade payables	86,429	91,741	73	48
Other payables	2,408	791	1,327	–
Progress billings received	20,049	273,791	–	–
GST payables	1,657	1,455	127	88
	110,543	367,778	1,527	136
Non-current:				
Trade payables	79,481	13,595	–	–
Trade and other payables (excluding GST payables)	188,367	379,918	1,400	48
Add:				
- Other liabilities (Note 24)	58,673	34,426	22,032	12,851
- Loans and borrowings (Note 22)	940,816	768,523	150,000	–
Total financial liabilities carried at amortised cost	1,187,856	1,182,867	173,432	12,899

Trade payables

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

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

	Group	
	2014	2013
	$'000	$'000
Australian Dollar	1,330	916
Malaysian Ringgit	2,098	1,788

24. Other liabilities

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current:				
Accrued operating expenses	55,650	32,491	22,032	12,851
Rental deposits	1,107	363	–	–
	56,757	32,854	22,032	12,851
Non-current:				
Accrued operating expenses	1,916	1,572	–	–
Total other liabilities	58,673	34,426	22,032	12,851

25. Deferred tax liabilities

Deferred tax liabilities as at 31 December relates to the following:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Differences in depreciation for tax purpose	575	929	5	5
Deferred tax liabilities on development properties	7,178	13,592	–	–
	7,753	14,521	5	5

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $29,536,000 (2013: $7,728,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses do not expire under current tax legislation.

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2013: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Tax consequence of proposed dividends

There are no income tax consequences (2013: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 36).

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26. Share capital and treasury shares

(a) Share capital

	Group and Company			
	2014		2013	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares				
At the beginning and end of the year	667,515	79,691	667,515	79,691

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

(b) Treasury shares

	Group and Company			
	2014		2013	
	No. of shares '000	$'000	No. of shares '000	$'000
At 1 January	(20,698)	(12,006)	(19,188)	(10,922)
Purchase of treasury shares	(18,948)	(15,368)	(1,510)	(1,084)
At 31 December	(39,646)	(27,374)	(20,698)	(12,006)

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired 18,948,000 (2013: 1,510,000) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $15,368,000 (2013: $1,084,000) and this was presented as a component within shareholders' equity.

No treasury shares were reissued pursuant to the performance shares plan during the year.

27. Other reserves

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Fair value adjustment reserve	445	270	445	270
Foreign currency translation reserve	(18,243)	(14,231)	–	–
Capital reserve	674	674	–	–
Asset revaluation reserve	4,110	2,750	–	–
Treasury shares reserve	(533)	(533)	(533)	(533)
	(13,547)	(11,070)	(88)	(263)

27. Other reserves (cont'd)

(a) Fair value adjustment reserve

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

	Group and Company	
	2014	**2013**
	$'000	**$'000**
At 1 January	270	(4,038)
Reclassed to retained earnings	–	4,038
Available-for-sale financial assets:		
- net gain on fair value changes during the year	175	270
At 31 December	445	270

(b) Foreign currency translation reserve

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

	Group	
	2014	**2013**
	$'000	**$'000**
At 1 January	(14,231)	(3,540)
Net effect of exchange difference arising from translation of financial statements of foreign operations	(4,012)	(10,691)
At 31 December	(18,243)	(14,231)

(c) Capital reserve

	Group	
	2014	**2013**
	$'000	**$'000**
At beginning and end of the year	674	674

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For the financial year ended 31 December 2014

27. Other reserves (cont'd)

(d) Asset revaluation reserve

The asset revaluation reserve represents increases in the fair value of freehold land and buildings, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

	Group	
	2014	**2013**
	$'000	**$'000**
At 1 January	2,750	363
Net surplus on revaluation of freehold land and buildings	170	1,650
Share of other comprehensive income of associate	1,190	737
At 31 December	4,110	2,750

(e) Treasury shares reserve

This represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

	Group and Company	
	2014	**2013**
	$'000	**$'000**
At beginning and end of the year	(533)	(533)

28. Employee benefits expense

	Group	
	2014	**2013**
	$'000	**$'000**
Employee benefits expense (including directors):		
Salaries and bonuses	79,616	63,652
Central Provident Fund contributions	8,056	7,340
Other short term benefits	493	433
	88,165	71,425

29. Related party transactions

(a) Sale and purchase of goods and services

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

	Group	
	2014	**2013**
	$'000	**$'000**
Interest income from associates	(297)	(770)
Management and other fees from associates	(13)	(20)
Construction contract service provided to associates	(3,496)	(48,717)
Sale of development properties to directors and relative of director of the Company and subsidiary companies	–	(26,753)

(b) Compensation of key management personnel

	Group	
	2014	**2013**
	$'000	**$'000**
Short-term employee benefits	28,639	16,844
Central Provident Fund contributions	131	115
Other short-term benefits	174	72
	28,944	17,031
Comprise amounts paid to		
- Directors of the Company	23,464	14,154
- Other key management personnel	5,480	2,877
	28,944	17,031

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

30. Commitments

(a) *Capital commitments*

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2014	2013
	$'000	$'000
Capital commitment in respect of purchase of freehold land	–	65,425

(b) *Operating lease commitments – as lessee*

The Group has entered into industrial property lease on a pre-cast yard. The lease has a tenure of five years with no renewal option and the rental is revisable annually by 5.5% or the prevailing posted land rental rate, whichever is lower in the contract. The Group is restricted from subleasing the pre-cast yard to third parties. Operating lease payments recognised in the consolidated profit or loss during the year amounted to $627,000 (2013: $619,000).

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2014	2013
	$'000	$'000
Not later than one year	671	635
Later than one year but not later than five years	875	1,556
	1,546	2,191

(c) *Operating lease commitments – as lessor*

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2014	2013
	$'000	$'000
Not later than one year	6,223	1,538
Later than one year but not later than five years	11,673	1,147
	17,896	2,685

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For the financial year ended 31 December 2014

31. Contingent liabilities

Guarantees

The Company has guaranteed the banking facilities of $1,869,311,000 (2013: $1,469,598,000) granted to its subsidiaries. At 31 December 2014, the amount utilised was $1,016,108,000 (2013: $846,668,000).

Based on information currently available, the Company does not expect any liabilities to arise from the guarantees.

32. Fair value of assets and liabilities

(a) *Fair value hierarchy*

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

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;

- Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

- Level 3 – Unobservable inputs for the asset or liability.

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

(b) *Assets and liabilities measured at fair value*

The following table shows an analysis of financial instruments measured at fair value at the end of the reporting period:

	Fair value measurements at the end of the reporting period using			
Group 2014	**Quoted prices in active markets for identical instruments (Level 1)**	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Assets measured at fair value				
Financial assets:				
Available-for-sale financial assets (Note 17)				
Quoted equity securities	2,331	–	–	2,331
Financial assets as at 31 December 2014	2,331	–	–	2,331

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For the financial year ended 31 December 2014

32. Fair value of assets and liabilities (cont'd)

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

Group 2013	Fair value measurements at the end of the reporting period using: Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Assets measured at fair value				
Financial assets:				
Held for trading financial assets (Note 17)				
Quoted equity securities	12	–	–	12
Available-for-sale financial assets (Note 17)				
Quoted equity securities	2,018	–	–	2,018
Financial assets as at 31 December 2013	2,030	–	–	2,030
Group				
2014				
Non-financial assets:				
Property, plant and equipment (Note 11)				
Freehold land and buildings	–	–	5,016	5,016
Investment properties (Note 12)				
Commercial buildings	–	–	288,983	288,983
Non-financial assets as at 31 December 2014	–	–	293,999	293,999
Group				
2013				
Non-financial assets:				
Property, plant and equipment (Note 11)				
Freehold land and buildings	–	–	5,283	5,283
Investment properties (Note 12)				
Commercial buildings	–	–	175,714	175,714
Non-financial assets as at 31 December 2013	–	–	180,997	180,997

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For the financial year ended 31 December 2014

32. Fair value of assets and liabilities (cont'd)

(c) Level 2 fair value measurements

There are no amount relating to significant observable inputs other than quoted prices (Level 2).

(d) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

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

Description	Fair value at 31 December 2014 $'000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements				
Property, plant and equipment:				
Freehold land and buildings	5,016	Market comparable approach	Transacted price of comparable properties (psf)	$10
Investment properties:				
Commercial buildings in Singapore and Australia	288,983	Market comparable approach	Transacted price of comparable properties (psf)	$328 - $2,830
		Capitalisation approach	Capitalisation rate	3% - 7.5%
			Occupancy rate	95% - 96%
		Discounted cash flow approach	Discount rate	8.5%

Description	Fair value at 31 December 2013 $'000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements				
Property, plant and equipment:				
Freehold land and buildings	5,283	Market comparable approach	Transacted price of comparable properties (psf)	$9 - $13
Investment properties:				
Commercial buildings in Singapore	175,714	Market comparable approach	Transacted price of comparable properties (psf)	$268 - $2,135

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For the financial year ended 31 December 2014

32. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

(ii) Movements in Level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs (Level 3):

	Group 2014 $'000		
	Fair value measurements using significant unobservable inputs (Level 3)		
	Property, plant and equipment	**Investment properties**	**Total**
Opening balance	5,283	175,714	180,997
Total gains or losses for the period			
Included in profit or loss	–	37,902	37,902
Included in other comprehensive income	(163)	–	(163)
Purchases and settlements			
Purchases	–	75,224	75,224
Elimination of accumulated depreciation on revaluation	(13)	–	(13)
Exchange differences	(91)	143	52
Closing balance	5,016	288,983	293,999
Total gains and losses for the period included in			
Profit or loss:			
- Other income			
Net gain from fair value adjustment of investment properties	–	37,902	37,902
Other comprehensive income:			
- Net deficit on revaluation of land and buildings	(163)	–	(163)

32. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements (cont'd)

(ii) Movements in Level 3 assets and liabilities measured at fair value (cont'd)

	Group 2013 $'000		
	Fair value measurements using significant unobservable inputs (Level 3)		
	Property, plant and equipment	**Investment properties**	**Total**
Opening balance	3,297	44,706	48,003
Total gains or losses for the period			
Included in profit or loss	–	13,000	13,000
Included in other comprehensive income	2,078	–	2,078
Purchases and settlements			
Purchases	144	118,008	118,152
Elimination of accumulated depreciation on revaluation	(39)	–	(39)
Exchange differences	(197)	–	(197)
Closing balance	5,283	175,714	180,997
Total gains and losses for the period included in			
Profit or loss:			
- Other income			
Net gain from fair value adjustment of investment properties	–	13,000	13,000
Other comprehensive income:			
- Net surplus on revaluation of land and buildings	2,078	–	2,078

(iii) Valuation policies and procedures

The Group revalues its freehold land and buildings and investment property portfolio on an annual basis. The fair value of freehold land and buildings and investment properties are determined by external, independent valuers which have appropriate recognised professional qualifications and experience in the location and category of property being valued. Management reviews the appropriateness of the valuation methodologies and assumptions adopted, and the reliability of the inputs used in the valuations.

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For the financial year ended 31 December 2014

32. Fair value of assets and liabilities (cont'd)

(e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair values for the non-trade amounts due from subsidiaries and associates (Note 16) are not determined as the timing of the future cash flow arising from the amounts cannot be estimated reliably.

(f) Transfers into or out of Level 3

FRS 113 requires disclosures of the amount of any transfers into or out of Level 3 of the fair value hierarchy, the reasons for those transfers and the entity's policy for determining when transfers between levels are deemed to have occurred. Transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3.

There were no assets or liabilities transferred into or out of Level 3 during the year.

33. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

33. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets; and
- corporate guarantee provided by the Company for banking facilities granted to subsidiaries (Note 31).

Information regarding credit enhancements for trade and other receivables is disclosed in Note 16.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2014		**2013**	
	$'000	**% of total**	**$'000**	**% of total**
By country:				
Singapore	189,441	90	42,772	66
Other countries	21,549	10	21,930	34
	210,990	100	64,702	100
By industry sectors:				
Construction	43,848	21	40,100	62
Property development	166,908	79	24,149	37
Property investment and others	234	–	453	1
	210,990	100	64,702	100

At the end of the reporting period, approximately 15% (2013: 54%) of the Group's trade receivables were due from 3 major customers who are located in Singapore.

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16 (Trade and other receivable).

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For the financial year ended 31 December 2014

33. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of standby credit facilities.

At the end of the reporting period, approximately 1% (2013: 37%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturity within 12 months can be rolled over with existing lenders.

Analysis of financial instrument by remaining contractual maturities

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

	Group			
2014	**One year or less**	**One to five years**	**Over five years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Undiscounted financial assets:				
Trade and other receivables	215,510	10,339	–	225,849
Cash and short-term deposits	285,049	–	–	285,049
Total undiscounted financial assets	500,559	10,339	–	510,898
Undiscounted financial liabilities:				
Trade and other payables	108,886	79,481	–	188,367
Other liabilities	56,757	1,916	–	58,673
Loans and borrowings	25,232	989,068	–	1,014,300
Total undiscounted financial liabilities	190,875	1,070,465	–	1,261,340
Total net undiscounted financial assets/(liabilities)	309,684	(1,060,126)	–	(750,442)

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33. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

	Group			
2013	**One year or less**	**One to five years**	**Over five years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Undiscounted financial assets:				
Trade and other receivables	118,424	11,237	–	129,661
Cash and short-term deposits	284,222	–	–	284,222
Total undiscounted financial assets	402,646	11,237	–	413,883
Undiscounted financial liabilities:				
Trade and other payables	366,323	13,595	–	379,918
Other liabilities	32,854	1,572	–	34,426
Loans and borrowings	294,827	506,601	–	801,428
Total undiscounted financial liabilities	694,004	521,768	–	1,215,772
Total net undiscounted financial liabilities	(291,358)	(510,531)	–	(801,889)

	Company			
2014	**One year or less**	**One to five years**	**Over five years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Undiscounted financial assets:				
Trade and other receivables	37,987	258,452	–	296,439
Cash and short-term deposits	22,970	–	–	22,970
Total undiscounted financial assets	60,957	258,452	–	319,409
Undiscounted financial liabilities:				
Trade and other payables	1,400	–	–	1,400
Other liabilities	22,032	–	–	22,032
Loans and borrowings	6,375	162,750	–	169,125
Total undiscounted financial liabilities	29,807	162,750	–	192,557
Total net undiscounted financial assets	31,150	95,702	–	126,852

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For the financial year ended 31 December 2014

33. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

2013	Company One year or less $'000	One to five years $'000	Over five years $'000	Total $'000
Undiscounted financial assets:				
Trade and other receivables	13,717	134,087	–	147,804
Cash and short-term deposits	8,034	–	–	8,034
Total undiscounted financial assets	21,751	134,087	–	155,838
Undiscounted financial liabilities:				
Trade and other payables	48	–	–	48
Other liabilities	12,851	–	–	12,851
Total undiscounted financial liabilities	12,899	–	–	12,899
Total net undiscounted financial assets	8,852	134,087	–	142,939

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

2014	Group and Company One year or less $'000	One to five years $'000	Over five years $'000	Total $'000
Financial guarantees	234,917	1,531,965	102,429	1,869,311
2013				
Financial guarantees	488,017	680,752	300,829	1,469,598

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and interest-bearing loans given to related parties. The interest rate charge for loans to associates and related parties are at fixed rate (Note 16).

The interest rate for loan and borrowings are based on floating rate except for an amount of $150 million term notes which was on a fixed rate (Note 22).

33. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 75 basis points ('bps') (2013: 75 bps) lower/ higher with all other variables held constant, the Group's profit before tax would have been $5,931,000 (2013: $5,764,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

(d) Foreign currency risk

The functional currencies of the Group entities primarily comprise the Singapore Dollar (SGD), US Dollar (USD), Australian Dollar (AUS), Vietnamese Dong (VND) and Malaysian Ringgit (MYR). All the sales and cost of sales are in their respective functional currencies of the Group entities.

The Group and the Company also hold cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in AUD and MYR.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Australia, Vietnam and Malaysia. The Group's net investments in Australia, Vietnam and Malaysia are not hedged as currency positions in AUD, VND and MYR are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, AUD, VND and MYR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group	
	Profit before tax	
	2014	**2013**
	$'000	**$'000**
USD		
- strengthened 3% (2013: 3%)	+460	+441
- weakened 3% (2013: 3%)	-460	-441
AUD		
- strengthened 3% (2013: 3%)	+12	+371
- weakened 3% (2013: 3%)	-12	-371
VND		
- strengthened 3% (2013: 3%)	+8	-16
- weakened 3% (2013: 3%)	-8	+16
MYR		
- strengthened 3% (2013: 3%)	+148	-7
- weakened 3% (2013: 3%)	-148	+7

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33. Financial risk management objectives and policies (cont'd)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These securities are quoted on the HoChiMinh Stock Exchange in Vietnam. These are classified as held for trading or available-for-sale financial assets.

At the end of the reporting period, 99% (2013: 99%) of the Group's equity portfolio consists of quoted investment in Vietnam.

Sensitivity analysis for equity price risk

At the end of the reporting period, if the share price had been 10% (2013: 10%) higher/lower with all other variables held constant, the Group's profit before tax would have been $Nil (2013: $1,200) higher/lower, arising as a result of higher/lower fair value gains on held for trading investments in equity instruments, and the Group's other reserve in equity would have been $230,000 (2013: $200,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale.

34. Capital management

Capital includes debt and equity items as disclosed in the table below.

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 31 December 2013.

Management monitors capital based on the net debt-equity ratio, which is calculated as net debt divided by total capital. Net debt is calculated as loans and borrowings less cash and cash equivalents, and total capital is calculated as equity including non-controlling interests in subsidiary companies.

	Group	
	2014	2013
	$'000	$'000
Net debt	655,767	484,301
Total capital	736,412	498,808
Net debt-equity ratio (times)	0.89	0.97

35. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has five reportable operating segments as follows:

1. The construction segment is in the business of general building contractors.

2. The property developments segment is in the business of developing properties and management of development projects.

3. The property investments segment is in the business of leasing out of investment properties and the management of properties.

4. The hospitality segment is in the business of hotel operations.

5. The corporate and others segment is involved in Group-level corporate services, treasury functions and investments in marketable securities.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

35. Segment information (cont'd)

Year ended 31 December 2014	Construction $'000	Property developments $'000	Property investments $'000	Hospitality $'000	Corporate and others $'000	Total $'000
Revenue:						
Total segment sales	459,272	766,925	6,419	–	27,967	1,260,583
Intersegment sales	(125,044)	(1,278)	(567)	–	(27,954)	(154,843)
Sales to external customers	334,228	765,647	5,852	–	13	1,105,740
Interest income	298	419	26	–	41	784
Dividend income	–	–	–	–	205	205
Finance costs	(3)	(1,952)	(1,171)	–	(1,327)	(4,453)
Depreciation and amortisation	(1,919)	(211)	(3)	(1,265)	(499)	(3,897)
Share of results of associates	–	17,028	–	–	79	17,107
Net gain from fair value adjustment of investment properties	–	–	37,902	–	–	37,902
Other non-cash items:						
Net fair value gain on investment securities	29	–	–	–	–	29
Impairment loss on receivables	–	(385)	–	–	–	(385)
Segment profit/(loss)	35,327	248,289	40,696	(1,584)	948	323,676
Assets and liabilities:						
Investment in associates	–	8,328	–	–	5,010	13,338
Additions to non-current assets:						
- property, plant and equipment	6,699	303	52	47,566	1,364	55,984
- investment properties	–	–	75,224	–	–	75,224
- intangible assets	–	–	–	–	88	88
Segment assets	164,759	1,324,487	293,539	190,937	34,602	2,008,324
Segment liabilities	117,733	751,075	113,751	115,309	174,044	1,271,912

35. Segment information (cont'd)

Year ended 31 December 2013	Construction $'000	Property developments $'000	Property investments $'000	Hospitality $'000	Corporate and others $'000	Total $'000
Revenue:						
Total segment sales	430,319	230,869	2,734	–	119,537	783,459
Intersegment sales	(154,790)	(6,252)	(433)	–	(119,517)	(280,992)
Sales to external customers	275,529	224,617	2,301	–	20	502,467
Interest income	158	1,633	–	–	308	2,099
Dividend income	9	–	–	–	152	161
Finance costs	–	(2,011)	–	–	–	(2,011)
Depreciation and amortisation	(1,693)	(170)	(2)	(1,244)	(423)	(3,532)
Share of results of associates	–	29,669	–	–	272	29,941
Net gain from fair value adjustment of investment properties	–	–	13,000	–	–	13,000
Other non-cash items:						
Net fair value gain on investment securities	68	–	–	–	–	68
Reversal of impairment loss on receivables	–	21	–	–	–	21
Segment profit/(loss)	18,943	52,938	14,606	(1,244)	103	85,346
Assets and liabilities:						
Investment in associates	–	24,628	–	–	3,742	28,370
Additions to non-current assets:						
- property, plant and equipment	2,567	40	8	15,526	274	18,415
- investment properties	–	–	118,008	–	–	118,008
- intangible assets	59	–	–	–	–	59
Segment assets	155,764	1,184,333	186,501	195,111	17,042	1,738,751
Segment liabilities	140,775	896,655	79,684	109,721	13,108	1,239,943

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

35. Segment information (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Singapore $'000	Australia $'000	Malaysia $'000	Total $'000
Year ended 31 December 2014				
Revenue	1,079,933	5,633	20,174	1,105,740
Non-current assets	445,385	49,817	7,600	502,802
Year ended 31 December 2013				
Revenue	485,927	3,551	12,989	502,467
Non-current assets	330,068	105	7,757	337,930

Non-current assets information presented above consist of property, plant and equipment, investment properties and intangible assets as presented in the consolidated balance sheet.

Information about a major customer

Revenue from one major customer amount to $284,696,000 (2013: $206,902,000), arising from revenue by the construction segment.

36. Dividend

	Group and Company	
	2014 $'000	2013 $'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- First and final tax-exempt (one-tier) dividend for 2013: 4.0 cents (2012: 4.0 cents) per share	25,681	25,933
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- First and final tax-exempt (one-tier) dividend for 2014: 4.0 cents (2013: 4.0 cents) per share	25,115	25,873
- Special tax-exempt (one-tier) dividend for 2014: 2.0 cents (2013: Nil) per share	12,557	–
	37,672	26,873

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

37. Events occurring after balance sheet date

Subsequent to year end and up to the date of this report, the Company purchased 1,060,200 of its own shares for a total consideration of $1,036,000 by way of market acquisition. These shares which are held as treasury shares, will be used for the purpose of awarding shares under the Company's share option scheme and share plan.

The share purchases are not expected to have a material impact on the net tangible assets per share or earnings per share of the Group for the financial year ending 31 December 2015.

38. Comparatives

Certain reclassifications have been made to the previous year's financial statements to conform to current year's presentation. In addition, progress billings received for development projects accounted under the completion of construction method which have been reclassified to "Trade and other payables" so as to better reflect the nature of balances.

As a result, certain line items have been restated in the balance sheets of the Group as at 31 December 2013 and 2012, the consolidated income statement for the year ended 31 December 2013, and the related notes to the financial statements.

The effects on the reclassification are as follows:

	As previously reported		As restated	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Consolidated income statement				
Cost of sales	(413,286)	–	(398,358)	–
Administrative expenses	(28,387)	–	(43,315)	–
Balance sheet				
Current assets and liabilities				
Completed properties held for sale	328	1,839	–	–
Development properties	651,436	543,987	925,555	620,209
Provision	2,988	1,907	–	–
Trade and other payables	107,582	108,783	367,778	186,639
Other liabilities	31,438	48,194	32,854	34,125
Non-current liabilities				
Trade and other payables	–	–	13,595	10,725
Other liabilities	–	–	1,572	1,778

39. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on 25 March 2015.

STATISTICS OF SHAREHOLDINGS

As at 18 March 2015

SHARE CAPITAL

Issued and fully-paid capital	:	$79,690,709
No. of Issued Shares	:	667,515,161
No. of Issued Shares (excluding Treasury Shares)	:	626,808,961
No./Percentage of Treasury Shares	:	40,706,200 (6.10%)
Class of Shares	:	Ordinary share
Voting Rights (excluding Treasury Shares)	:	One vote for each share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	11	0.16	191	0.00
100 - 1,000	472	6.98	452,955	0.07
1,001 - 10,000	3,617	53.52	21,386,229	3.41
10,001 - 1,000,000	2,617	38.73	163,376,671	26.07
1,000,001 and above	41	0.61	441,592,915	70.45
TOTAL	**6,758**	**100.00**	**626,808,961**	**100.00**

Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Lim Tiam Seng (1)	60,499,000	9.65	17,198,000	2.74
Lim Tiang Chuan	44,177,000	7.05	–	–
Kwee Lee Keow (2)	17,198,000	2.74	60,499,000	9.65
Tan Yong Keng (3)	–	–	50,179,000	8.00

Notes :

1 Mr Lim Tiam Seng's deemed interests include 17,198,000 shares held by Madam Kwek Lee Keow (wife).

2 Madam Kwek Lee Keow's deemed interests include the shares held by Mr Lim Tiam Seng (husband).

3 Mr Tan Yong Keng's deemed interests include:

(i) 23,391,000 ordinary shares held by Maybank Kim Eng Securities Pte Ltd;

(ii) 26,348,000 ordinary shares held by Kenyon Pte Ltd; and

(iii) 440,000 ordinary shares held by Mdm Tan Yong Hui (sister) who is a director of Kenyon Pte Ltd.

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	LIM TIAM SENG	60,499,000	9.65
2	LIM TIANG CHUAN	44,177,000	7.05
3	CITIBANK NOMINEES SINGAPORE PTE LTD	40,908,661	6.53
4	MAYBANK KIM ENG SECURITIES PTE. LTD.	26,780,500	4.27
5	KENYON PTE LTD	24,750,000	3.95
6	LIM TIAN BACK	22,003,000	3.51
7	LIM LING KWEE	20,605,000	3.29
8	DBS NOMINEES (PRIVATE) LIMITED	19,860,740	3.17
9	LIM SOCK JOO	19,702,000	3.14
10	LIM TIAN MOH	18,853,000	3.01
11	KWEK LEE KEOW	17,198,000	2.74
12	DAWN LIM SOCK KIANG	15,377,000	2.45
13	CIMB SECURITIES (SINGAPORE) PTE. LTD.	10,821,700	1.73
14	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	9,004,815	1.44
15	PANG HENG KWEE	7,400,000	1.18
16	UOB KAY HIAN PRIVATE LIMITED	7,314,500	1.17
17	RAFFLES NOMINEES (PTE) LIMITED	7,107,530	1.13
18	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	6,561,922	1.05
19	CHIA LEE MENG RAYMOND	6,125,000	0.98
20	WONG SHAW SENG REGI	5,060,000	0.81
	TOTAL	**390,109,368**	**62.25**

Percentage of Shareholdings in Public's Hand

Approximately 63.71% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

Chip Eng Seng Corporation Ltd. (Incorporated in Singapore) (Registration No. 199805196H) (the "Company")

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Riverfront Ballroom 1 (Level 2), Grand Copthorne Waterfront Hotel, 392 Havelock Road, Singapore 169663 on Thursday, 23 April 2015 at 10.00 a.m. for the following purposes:

AS ROUTINE BUSINESS:

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

2. To declare a Tax Exempt One-Tier First and Final Dividend of 4.0 cents per ordinary share and a Tax Exempt One-Tier Special Dividend of 2.0 cents per ordinary share, for the financial year ended 31 December 2014 (2013: Tax Exempt One-Tier First and Final Dividend of 4.0 cents per ordinary share). **(Resolution 2)**

3. To re-elect Ms Dawn Lim Sock Kiang, being a Director who retires by rotation pursuant to Article 115 of the Articles of Association of the Company. [See Explanatory Note (i)] **(Resolution 3)**

4. To re-elect Mr Cheng Heng Tan, being a Director who retires by rotation pursuant to Article 115 of the Articles of Association of the Company. [See Explanatory Note (ii)] **(Resolution 4)**

5. To re-appoint Mr Lim Tiam Seng as a Director of the Company pursuant to Section 153(6) of the Companies Act, Cap. 50, to hold office from the conclusion of this Annual General Meeting until the next Annual General Meeting. [See Explanatory Note (iii)] **(Resolution 5)**

6. To approve the payment of additional Directors' fees of S$140,000 for the financial year ended 31 December 2014. **(Resolution 6)**

7. To approve the payment of Directors' fees of S$305,000 for the financial year ending 31 December 2015, to be paid quarterly in arrears (2014: S$305,000). **(Resolution 7)**

8. To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 8)**

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

AS SPECIAL BUSINESS:

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

10. "**APPOINTMENT OF DIRECTOR**

    That Mr Ung Gim Sei be appointed as an Independent Director of the Company pursuant to Section 153(6) of the Companies Act, Cap. 50, to hold office from the conclusion of this Annual General Meeting until the next Annual General Meeting." [See Explanatory Note (iv)] **(Resolution 9)**

NOTICE OF ANNUAL GENERAL MEETING

Chip Eng Seng Corporation Ltd. (Incorporated in Singapore) (Registration No. 199805196H) (the "Company")

11. "**SHARE ISSUE MANDATE**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and notwithstanding the provisions of the Articles of Association of the Company, authority be hereby given to the Directors of the Company to:

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

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

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

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

provided that:

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be granted other than on a pro-rata basis to shareholders of the Company with registered addresses in Singapore (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued shares excluding treasury shares of the Company shall be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of this Resolution, after adjusting for:

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

(2) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(3) any subsequent bonus issue, consolidation or subdivision of shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(iv) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." [See Explanatory Note (v)] **(Resolution 10)**

NOTICE OF ANNUAL GENERAL MEETING

Chip Eng Seng Corporation Ltd. (Incorporated in Singapore) (Registration No. 199805196H) (the "Company")

12. "**SHARE PURCHASE MANDATE**

That:-

a. for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:-

(i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

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

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

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

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(ii) the date on which the Share purchases are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in general meeting;

c. in this Resolution:

"**Prescribed Limit**" means 10% of the total number of issued ordinary Shares (excluding Shares which are held as treasury shares) of the Company as at the date of the passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of issued ordinary share capital of the Company as altered (excluding Shares which are held as treasury shares as at that date);

"**Relevant Period**" means the period commencing from the date on which the last Annual General Meeting was held and expiring on the date of the next Annual General Meeting is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

NOTICE OF ANNUAL GENERAL MEETING

Chip Eng Seng Corporation Ltd. (Incorporated in Singapore) (Registration No. 199805196H) (the "Company")

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

(i) in the case of a Market Purchase: 105% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price of the Shares;

where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five consecutive Market Days, on which transactions in the Shares were recorded, before the day on which the Shares are transacted on the SGX-ST, immediately preceding the date of Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase pursuant to the equal access scheme, and deemed to be adjusted for any corporate action that occurs after the relevant five consecutive Market Days; and

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

d. the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased by the Company, pursuant to the Share Purchase Mandate in any manner as may be permitted under the Companies Act; and

e. the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated by this Resolution."
[See Explanatory Note (vi)] **(Resolution 11)**

By Order of the Board

Abdul Jabbar Bin Karam Din
Joint Company Secretary

Singapore, 6 April 2015

Notes:

1. Save as provided in the Articles of Association, a member entitled to attend and vote at the Annual General Meeting is entitled to appoint up to two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 171 Chin Swee Road #12-01 CES Centre Singapore 169877, not less than 48 hours before the time appointed for holding the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Chip Eng Seng Corporation Ltd. (Incorporated in Singapore) (Registration No. 199805196H) (the “Company”)

EXPLANATORY NOTES:

(i) **Resolution 3** is to re-elect Ms Dawn Lim Sock Kiang, as a Director of the Company. Ms Lim, upon re-election, will remain as an Executive Director of the Company.

(ii) **Resolution 4** is to re-elect Mr Cheng Heng Tan as a Director of the Company. Mr Cheng, upon re-election, will remain as the Chairman of the Nominating Committee, a member of the Audit Committee and the Remuneration Committee of the Company. Mr Cheng is an Independent Director.

(iii) **Resolution 5** is to re-appoint Mr Lim Tiam Seng as a Director of the Company. Mr Lim, upon re-appointment, will remain as the Executive Chairman of the Company.

(iv) **Resolution 9** is to appoint Mr Ung Gim Sei as an Independent Director of the Company. Mr Ung will be appointed under Section 153(6) of the Companies Act, Cap. 50. Pursuant to Article 118 of the Company’s Articles of Association, Mr Ung has been nominated for appointment as a Director by the Directors of the Company and has given his consent to his nomination and his candidature for the office. The Nominating Committee has reviewed Mr Ung’s information and profile and is satisfied that Mr Ung has met the requisite standards as required by the Code of Corporate Governance 2012 (the “Code”). The Nominating Committee is also satisfied of Mr Ung’s independence under the Code.

Key information and profile of Mr Ung

Mr Ung Gim Sei is a partner of Duane Morris and Selvam LLP in Singapore and a part-time lecturer in law. Prior to embarking on his law career, Mr Ung was in the media and publishing industry assuming key positions in leading newspaper companies in Singapore, Hong Kong and Shenzhen, China.

Mr Ung is currently the vice president of the Singapore China Friendship Association, and he is active in organising and promoting cultural and educational exchanges between Singapore and China. He is also a committee member of the China Aw Boon Haw Foundation, a member and legal advisor of Tan Kah Kee Foundation and the Singapore China Business Association as well as an independent director of EMS Energy Ltd and Informatics Education Ltd.

Mr Ung holds a Bachelor of Arts degree in Economics from the National University of Singapore, a Common Professional Examination Qualification in Law from UK and a Master of Law qualification from the City University of Hong Kong.

(v) **Resolution 10** is to empower the Directors to allot and issue shares in the capital of the Company and/or Instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 10 (including shares to be issued in pursuance of Instruments made or granted) shall not exceed fifty per cent. (50%) of the total number of issued shares excluding treasury shares of the Company, with a sub-limit of twenty per cent. (20%) for shares issued other than on a pro rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to shareholders with registered addresses in Singapore. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding treasury shares of the Company will be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of Resolution 10, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 10, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

(vi) **Resolution 11** is to empower the Directors from the date of the above Meeting until the next Annual General Meeting to purchase or otherwise acquire issued ordinary Shares by way of market purchases or off-market purchases of up to ten percent (10%) of the total number of issued Shares (excluding treasury shares) at the Maximum Price in accordance with the terms and conditions set out in Appendix dated 6 April 2015 to this Notice of Annual General Meeting, the Companies Act and the Listing Manual of the SGX ST. Please refer to Appendix dated 6 April 2015 circulated together with the Company’s Annual Report for details.

NOTICE OF ANNUAL GENERAL MEETING

Chip Eng Seng Corporation Ltd. (Incorporated in Singapore) (Registration No. 199805196H) (the "Company")

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a shareholder of the Company:

(i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purposes of:

(a) the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof),

(b) the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and

(c) the Company (or its agents) complying with any applicable laws, listing rules, governmental or regulatory requirements, or guidelines or notices issued by any applicable governmental or regulatory authorities of any relevant jurisdiction, and/or complying with the Company's internal policies;

(collectively, the "**Purposes**"),

(ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents) (collectively, the "**Third Parties**"), the shareholder

(a) has each of the Third Party's authority to provide such Third Party's personal data to the Company,

(b) is validly acting on each of their behalf, and

(c) has obtained the prior consent of such Third Party for the collection, use and disclosure by the Company (or its agents) of the personal data of such Third Party for the Purposes,

(iii) warrants that all personal data that the shareholder provide to the Company is true, accurate and complete, and

(iv) agrees that the shareholder will indemnify and at all times to keep the Company and its related corporations (together with their respective officers, employees and agents) (each an "**Injured Party**") indemnified against any penalties, liabilities, claims, demands, losses and damages which may be suffered or incurred by the Injured Party or asserted against the Injured Party by any person or entity (including the shareholder and the shareholder's employees, agents) whatsoever, in respect of any matter or event whatsoever arising out or, in the course of, by reason of or in respect of any shareholder's breach of warranty and/or any action or omission by the shareholder that causes the Company and/or any of its related corporations to be in breach of the Personal Data Protection Act 2012 and all subsidiary legislation related thereto.

CHIP ENG SENG CORPORATION LTD.

(Incorporated in Singapore)
(Registration No. 199805196H)

IMPORTANT:

1. **For Investors who have used their CPF monies to buy Chip Eng Seng's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.**
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ______________________________

of ______________________________

being a member/members of Chip Eng Seng Corporation Ltd. (the "**Company**"), hereby appoint:

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

and/or failing him/her (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 attend and vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at Riverfront Ballroom 1 (Level 2) Grand Copthorne Waterfront Hotel, 392 Havelock Road, Singapore 169663 on Thursday, 23 April 2015 at 10.00 a.m. and at any adjournment thereof.

The proxy/proxies shall vote on the Resolutions set out in the notice of Meeting in accordance with my/our directions as indicated with an "x" in the appropriate space below. Where no such direction is given, the proxy/proxies may vote or abstain from voting at his/their discretion, on any matter at the Meeting or at any adjournment thereof.

No.	Resolutions relating to:	For	Against
	ROUTINE BUSINESS		
1	Adoption of Directors' Report and Audited Financial Statements for the financial year ended 31 December 2014 **(Resolution 1)**		
2	Payment of a proposed first and final dividend and a special dividend **(Resolution 2)**		
3	Re-election of Ms Dawn Lim Sock Kiang as a Director **(Resolution 3)**		
4	Re-election of Mr Cheng Heng Tan as a Director **(Resolution 4)**		
5	Re-appointment of Mr Lim Tiam Seng as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50 **(Resolution 5)**		
6	Approval of additional Directors' fees amounting to S$140,000 for the financial year ended 31 December 2014 **(Resolution 6)**		
7	Approval of Directors' fees amounting to S$305,000 for the financial year ending 31 December 2015, to be paid quarterly in arrears **(Resolution 7)**		
8	Re-appointment of Messrs Ernst & Young LLP as Auditors **(Resolution 8)**		
9	Any other business		
	SPECIAL BUSINESS		
10	Appointment of Mr Ung Gim Sei as an Independent Director pursuant to Section 153(6) of the Companies Act, Cap. 50 **(Resolution 9)**		
11	Authority for Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50 **(Resolution 10)**		
12	Approval of the renewal of the Share Purchase Mandate **(Resolution 11)**		

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

Dated this __________ day of ____________________ 2015

Total Number of Shares held in:	
CDP Register	
Register of Members	

____

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

IMPORTANT: PLEASE READ NOTES OVERLEAF.

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. Save as provided in the Articles of Association, a member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint up to two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 171 Chin Swee Road #12-01 CES Centre Singapore 169877 not less than 48 hours before the time set for the meeting.

4. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy.

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

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) 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.

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

General:

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

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a shareholder of the Company:

(i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purposes of:

   (a) the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof),

   (b) the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and

   (c) the Company (or its agents) complying with any applicable laws, listing rules, governmental or regulatory requirements, or guidelines or notices issued by any applicable governmental or regulatory authorities of any relevant jurisdiction, and/or complying with the Company's internal policies;

(collectively, the "**Purposes**"),

(ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents) (collectively, the "**Third Parties**"), the shareholder

   (a) has each of the Third Party's authority to provide such Third Party's personal data to the Company,

   (b) is validly acting on each of their behalf, and

   (c) has obtained the prior consent of such Third Party for the collection, use and disclosure by the Company (or its agents) of the personal data of such Third Party for the Purposes,

(iii) warrants that all personal data that the shareholder provide to the Company is true, accurate and complete, and

(iv) agrees that the shareholder will indemnify and at all times to keep the Company and its related corporations (together with their respective officers, employees and agents) (each an "**Injured Party**") indemnified against any penalties, liabilities, claims, demands, losses and damages which may be suffered or incurred by the Injured Party or asserted against the Injured Party by any person or entity (including the shareholder and the shareholder's employees, agents) whatsoever, in respect of any matter or event whatsoever arising out or, in the course of, by reason of or in respect of any shareholder's breach of warranty and/or any action or omission by the shareholder that causes the Company and/or any of its related corporations to be in breach of the Personal Data Protection Act 2012 and all subsidiary legislation related thereto.

CHIP ENG SENG OFFICE LISTING

SINGAPORE
Chip Eng Seng Corporation Ltd
Chip Eng Seng Contractors (1988) Pte Ltd
CES Engineering and Construction Pte Ltd

GROUP HEAD OFFICE
171 Chin Swee Road, #12-01
CES Centre
Singapore 169877
Tel: +65 6801 0088
Fax: +65 6801 0038

CEL DEVELOPMENT PTE LTD
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Fax: +65 6801 0138

CES-PRECAST PTE LTD
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Fax: +65 6583 1298

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81400 Senai Johor
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Tel: +607 598 9488
Fax: +607 598 5059

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Level 8
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Melbourne VIC 3004
Tel: +61 3 9008 9010
Fax: +61 3 9867 4223

集永成机构有限公司
CHIP ENG SENG CORPORATION LTD

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Co. Reg. No. 199805196H