



A Part of Your Life

ANNUAL REPORT 2013



VISION

To be a multi-faceted
consumer essentials
company with strategic
investments in the region

MISSION

- Building strong partnerships,
growing new markets
- Fostering an open and creative culture,
attracting and nurturing talents
- Providing innovative products, portfolio building,
meeting stakeholders' needs
- Achieving operational excellence
- Building strong financial capabilities



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02 EXECUTIVE CHAIRMAN'S STATEMENT



Dear Valued Shareholders,

FINANCIAL PERFORMANCE

The Group recorded encouraging earning growth in the financial year 2013 (FY 2013) despite the global economic situation remains complex and inconstant. We recorded a turnover of S\$403.3 million, a 6.6% increase as compared to the previous year, attributable to our Packaging Business.

The restructuring of our business and operations was completed in FY 2012, steered by our devoted shareholders for its implementation and satisfactory completion. Correspondingly, the Group turned in a net profit of S\$11.6 million in FY 2013, as compared with a net loss of S\$25.4 million in FY 2012. We firmly believe that the restructuring will continue to enhance the position and the future development of the Group and strengthen further our capability to deliver sustainable growth.

The overall expenses for the Group fell from S\$86.5 million in FY 2012 to S\$73.1 million in FY 2013. The Group will continue to manage its businesses in a prudent manner and exercise stringent financial control on the business of the Group.

SEGMENTAL REVIEW

The turnover of our Consumer Business segment fell 5.4% in FY 2013 compared to FY 2012 to S\$187.5 million. The competitive environment in Singapore has affected our distribution business, resulting in the lower turnover. However, our operations in Malaysia - SOCMA, aided in a higher turnover come by their new agency brands.

Besides, the performance of our Packaging Business segment managed by the Tat Seng Packaging Group Limited ("Tat Seng") was remarkable, recording an elevated turnover of S\$215.6 million in FY 2013, an increase of 19.9% compared to FY 2012, generated considerably by Tat Seng's operations in China. The demand for our corrugated paper packaging products grew in tandem with the country's burgeoning industrial and commercial activities. The higher turnover and better profit margins gave rise to a 64.7% increase in Tat Seng's profit before interest and tax to S\$16.8 million in FY 2013.

Following the disposal of an investment and the downsizing of our Health Solutions segment during the previous years, a turnover of S\$0.2 million was recorded in FY 2013, compared to \$0.4 million in FY 2012. The operating loss of S\$1.8 million in FY 2013 was significantly lower than the S\$12.2 million loss in FY 2012. The results confirmed that the divestment in this sector is aligned to the business priorities of the Group and we believe that value creation objectives are being effectuated.

Since 2010, the Group has been making property investments in China, in particular, the Sanya project in 2012. On 20 March 2014, the Company has signed a sale and purchase agreement to dispose the Sanya project and the Company is expected to realise its property investment which is pending completion by end of 2014. In 2013, China property market witnessed a burst of pent up demand and surge in prices especially in top-tier cities. It is expected that the Chinese government will impose policies that drive the real estate industry towards more stabilized but sustainable expansion. We believed this was the optimum time to realise the gain of our property investments in China. We will maintain a proactive attitude and actively prepare

for investment opportunities that arise in contemplation of generating stable predictable returns for our shareholders.

GOING FORWARD

The Group remains cautiously optimistic towards the market environment given a number of persistent uncertainties. Looking ahead, the Group will focus on major sources of income and look to identify promising opportunities in the industries.

Our Consumer Business segment will continue to be an important contributor of the Group's revenue. The FMCG industry is rapidly changing. In recognition of its brand image and market awareness, the Group will continue exploring, sourcing and introducing new products to expand its housebrand range and enhance the Group's image and status. As the Consumer Business is our core business, we must maintain a more positive spirit in business growth so as to speed up development and hence capital return. We strongly believe that our business strategies will eventually lead the Group to become one of the top tier distributors in the region.

While we focus on developing our housebrands, we will not lose sight of the need to source new agencies to widen our product mix. Leveraging our extensive experience in the successful management and marketing of the brands currently under our care, we look forward to adding more and new reputable brands to our stable in 2014. In array with that, we are developing strong partnerships with regional distributors and implementing direct brand management systems in order to enhance sales distribution network and supply chain management in a transparent and fair way.

In FY 2013, the Group recorded a remarkable increase in contributions from our corrugated packaging business in China, upon which we are aware of the fact that many operators are eagerly eyeing our share of the pie. To stay ahead of the competition, we will constantly evolve through harnessing new technologies to optimise and increase our capacity in production, strengthening and expanding our functions and processes and streamlining our operating costs through prudent cost management measures. We will continue to strengthen our market presence and revenue base through a steady provision of diversified high quality products to meet market demand.

ACKNOWLEDGEMENTS

Innovative and dedicated employees are the Group's most valuable asset in this competitive and challenging global

environment. I take this opportunity to thank our colleagues on the Board, the diligent Management and staff for their hard work, loyal service and contributions during the year, and our investors, shareholders, business partners and customers for providing both inspiration and incentive for everything we do.

The year 2014 will be an exciting and remarkable year for Hanwell, as we celebrate our 40th Anniversary. We would not have come so far without the support of each and every one of our stakeholders. We firmly believe that we have the capabilities to meet challenges and opportunities ahead and to expand further and sustain our business growth. Only by doing this we will continue to contribute to the long-term development of the Company and serve our stakeholders. To mark this important milestone of the Company, we will be rolling out activities and promotions throughout the year, and would like to invite all of you to join us in our celebrations.

PAVING THE WAY FOR GROWTH AND SUSTAINABILITY

We are looking ahead to optimistic prospects and promising growth in the years to come. In exploring new strategic moves for the Group, we engaged an external consultant to conduct a review on our functions and processes during FY 2013. The strategic directions including strengthening the accountability of management to the business objectives are being formalised to ensure the continued growth and sustainability of our operations not only in Singapore but also in the region.

According to Wal-Mart founder, Sam Walton — "High expectations are the key to everything". At Hanwell, we definitely set high expectations for ourselves. Ever since its establishment, the Group has upheld expectations as the pillar of corporate development, which penetrates through its development history. But, we will not be able to achieve these goals on our own. We count on your continued support to stand by us as we go through an exciting period of change. Keeping abreast of the ever-changing business landscape and staying ahead of the competition, we will regularly review and upgrade our offerings to cater to our consumers' needs.

DR ALLAN YAP
EXECUTIVE CHAIRMAN

04 执行董事主席致辞



尊敬的各位股东：

财务表现

尽管2013财政年度(2013财年)全球经济形势复杂多变，本集团仍然实现了令人振奋的盈利增长。我们的营业额达到4亿3百30万新元，与上年相比同比增长了6.6%，这主要得益于我们的包装业务。

在2012财年，在我们股东的用心指导下，我们圆满地完成了业务、经营等重组和实施的工作。相应地，本集团在2013财年实现净利润1千1百60万新元，相比之下2012财年为净亏损2千5百40万新元。我们坚信，重组将不断地提升本集团的地位和未来的发展潜力，继而进一步增强本集团实现可持续增长的能力。

集团总体支出从2012财年的8千6百50万新元，降至2013财年的7千3百10万新元。集团将继续以严谨的态度和严格的财务控制方式管理旗下业务。

分部回顾

与2012财年相比，2013财年我们的消费业务部营业额下降了5.4%，为1亿8千7百50万新元。我们的分销业务

在新加坡激烈的竞争环境下受到影响，导致营业额下滑。然而，我们在马来西亚的业务——SOCMA，得益于其新代理的品牌，实现了更高的营业额。

此外，由达成包装集团有限公司（简称“达成”）经营的包装业务部表现卓越，2013财政年度较前一年营业额同比增长19.9%，达到2亿1千5百60万新元，并促使达成的业务在中国得到了快速发展。随着国内工业和商业活动的蓬勃发展，市场对于我们的瓦楞纸包装产品的需求也在不断加大。较高的营业额和利润率使达成的税前利润在2013财年实现了64.7%的增长，达到1千6百80万新元。

由于过去几年我们针对保健业务的投资及对其人员架构作出积极的调整，该业务的2013财年实现营业收入为20万新元，相比下2012财年营业额为40万新元。而2013财年运营亏损为1百80万新元，较2012财年的1千2百20万新元有大幅削减。该结果证实，对该业务的撤资与发展集团业务战略重点的目标相对一致，而我们深信创收的目标正逐步实现。

自2010年以来，本集团一直在中国进行房地产投资，尤其是2012年的三亚项目。于2014年3月20日，公司已签订一份出售三亚项目的买卖协议，公司预期将于2014年底完成变现其物业的有关投资。2013年，中国城市，尤其是一线城市房地产市场的需求和价格得到了抑制。预计中国政府将实施政策，推动房地产行业向更加稳定、可持续发展的方向迈进。我们相信，这是我们实现在中国投资收益的最佳时机。我们将保持积极的态度，思索如何为我们的股东带来稳定、可预测的回报，并对在此过程中产生的投资机遇做好充分的准备。

展望未来

尽管市场环境持续不明朗，但本集团仍持谨慎乐观的态度。展望未来，本集团将把重点放在主要收入来源领域，并期待能够辨别行业的前景机遇。

我们的消费业务部仍将为本集团收入的重要贡献部门。快速消费品行业瞬息万变，为提高品牌形象及市场知名度，本集团将继续开拓、探索和引进新产品，以扩大家用品牌影响范围、提升本集团的形象和地位。由于消费业务是我

们的核心业务，我们在业务增长方面必须保持更加积极的态度，从而加快发展步伐，实现资金回报。我们坚信，我们的业务战略将最终引领本集团发展成为地区的顶级分销商之一。

专注于开发我们自家品牌的同时，我们也会积极寻求新的代理品牌，以扩大我们的产品组合。基于我们在品牌管理和营销方面所积累的丰富经验，我们期待在2014年里能够将更多、更新的知名品牌揽入旗下。为实现这一目标，我们正在大力开展与区域分销商的伙伴关系，实施直接的品牌管理体系，以透明和公平的方式提高分销网络和供应链的管理。

在2013财年，本集团在中国的瓦楞包装业务为我们杰出的业绩作出了贡献，同时，我们也意识到许多运营商都急切地将目光投向我们的市场份额。为了保持竞争优势，我们将不断通过新技术来优化和提高我们的产能，加强和扩大我们的职能和流程，并通过审慎的成本管理措施，精简我们的运营成本。我们将继续源源不断地向市场提供多元化、高品质的产品，满足市场需求，从而巩固我们的市场地位及收入基础。

鸣谢

在这个充满竞争及挑战的全球环境下，具有创新和敬业精神的员工是集团最宝贵的资产。我谨借此机会，感谢董事会的同事、勤奋的管理层和员工们，感谢你们在过去的一年里辛勤地工作、忠诚地服务和贡献。同时还要感谢一直鼓励和激励我们进步的投资者、股东、业务伙伴及客户。

2014年将是恒威振奋人心、业绩卓越的一年，因为我们迎来了企业40周年。没有大家的支持，我们的企业就不会有今天的成就。我们坚信，我们有能力迎接未来挑战及机遇，进一步扩大规模、保持业务增长。只有这样，我们才能继续促进本公司的长远发展，更好的为大家提供服务。为纪念这个重要的里程碑，我们将推出贯穿全年的活动和促销，并诚挚地邀请各位参加我们的庆祝活动。

为可持续发展铺平道路

我们对企业未来的发展前景，秉持着乐观的态度。为探索集团新的战略举措，我们于2013财年期间聘请外部顾问，认真评价了我们企业的运作和流程。通过确定的战略方向，包括加强问责管理、业务目标等方面，确保我们不仅在新加坡，而且在地区实现业务的持续增长和可持续发展的机会。

正如沃尔玛创始人山姆·沃尔顿所说——“高期望是一切的关键。”在恒威，我们对自己也同样抱有很高的期望。自成立以来，本集团就一直秉持着期望是企业发展支柱这一理念，并贯穿了企业的整个发展历程。但是，我们单凭一己之力无法实现这些目标。我们有赖于您一如既往的支持，来伴随我们共同经历这个振奋人心的变革时期。我们将定期审视并提升我们的产品，迎合消费者的需求，从而跟上不断变化的商业节拍、在竞争中立于不败之地。

Allan Yap博士
执行董事主席

06 BOARD OF DIRECTORS



Dr Allan Yap, 58

Executive Chairman

Dr Allan Yap was first appointed to the Board of Hanwell Holdings Limited (the “Company”) on 10 May 2002 as Director and was last re-elected as the Company’s Director on 27 April 2012. He is currently the Executive Chairman of the Company. He has drawn over 30 years of experience in finance, investment and banking.

Dr Yap is the Executive Chairman of Tat Seng Packaging Group Ltd, a company listed on the Singapore Exchange Securities Trading Limited and currently he also serves as the Chairman and Executive Director of Hanny Holdings Limited and an Alternate Director of Television Broadcasts Limited, both of which are companies listed on the Stock Exchange of Hong Kong Limited. He is also the Chairman/CEO of China Enterprises Limited whose shares are traded on the OTC Securities Market in the United States of America and Burcon NutraScience Corporation, a company listed on the Toronto Stock Exchange in Canada, NASDAQ Stock Exchange in the United States of America and the Frankfurt Stock Exchange in Germany.

Dr Yap was a Director of Rosedale Hotel Holdings Limited and See Corporation Limited and Executive Chairman of Intraco Limited.

Dr Yap is the spouse of Madam Tang Cheuk Chee, the Executive Director of the Company.

Dr Yap holds an Honorary Degree of Doctor of Laws from the University of Victoria, Canada.



Dr John Chen Seow Phun, 60

Deputy Chairman / Non-Executive Director

Dr John Chen was first appointed to the Board of the Company on 9 June 2003 as Director and was last re-elected as the Company’s Director on 26 April 2013. He is currently the Deputy Chairman of the Company and a member of the Audit, Nominating and Remuneration Committees of the Company.

Dr Chen was a Member of Parliament from 1988 to 2006 and served as the Assistant Secretary General of the National Trades Union Congress from 1991 to 1997. He was a Minister of State for Communications from 1997 to 1999. From 1999 to 2001, he was the Minister of State for Communications & Information Technology and Minister of State for National Development.

Dr Chen has been a Board member of the Economic Development Board, the Housing & Development Board, the Port of Singapore Authority and Singapore Power Ltd respectively. He taught at the National University of Singapore from 1983 to 1991.

Dr Chen is presently the Deputy Chairman and Director of Tat Seng Packaging Group Ltd, Executive Chairman of Pavillon Holdings Ltd and sits on the Board of a number of public listed companies in Singapore. He is also the Chairman of SAC Capital Pte Ltd.

Dr Chen holds a PhD in Electrical Engineering from the University of Waterloo, Canada.



Madam Tang Cheuk Chee, 42

Executive Director

Madam Tang was first appointed to the Board of the Company on 1 August 2011 as Director and was last re-elected as the Company's Director on 27 April 2012. She has a wealth of management experience and is well versed in marketing, business development and investments in property and securities.

Madam Tang is an Executive Director of Tat Seng Packaging Group Ltd, a company listed on the Singapore Exchange Securities Trading Limited and serves as a Board member of Richstream Pte Ltd and SingExpress Travel Pte Ltd. She was also a Director of Intraco Limited.

Madam Tang is the spouse of Dr Allan Yap, the Executive Chairman of the Company.

Madam Tang holds a degree in Business Management from Sun Yat-sen University (中山大学), Guangzhou, one of the leading Universities in the People's Republic of China.



Mr Chee Teck Kwong Patrick, 59

Non-Executive Director / Independent Director

Mr Patrick Chee, PBM, was first appointed to the Board of the Company on 1 August 1990 as Director and was last re-elected as the Company's Director on 26 April 2013. He is currently the Chairman of the Audit Committee and is a member of the Nominating and Remuneration Committees of the Company.

Mr Chee is a Senior Legal Consultant with KhattarWong LLP and the Chief Representative of KhattarWong Vietnam Limited. Mr Chee is a member of Singapore Institute of Arbitrators and Singapore Institute of Directors. He had served several years in sub-committee of National Crime Prevention Council, Singapore and work with National Productivity Board, Singapore in developing and seeing the successful launch of some well-known franchises in Singapore in the early 1990s.

Mr Chee sits on the Board of several public listed companies in Singapore, namely Tat Seng Packaging Group Ltd, Hai Leck Holdings Limited, Hengxin Technology Ltd, China International Holdings Limited and Ramba Energy Limited, and is the Chairman of CSC Holdings Limited. He is also an Honorary Legal Adviser to Hospitality Purchasing Association Singapore, and several big clans and trade associations in Singapore. He was a Director of Singapore Windsor Holdings Limited.

Mr Chee is active in community service and is the Vice Chairman of Teck Ghee Community Club and the Organising Chairman of National Street Soccer League. Mr Chee is the recipient of the National Day Awards 2003 – The Public Service Medal (Pingat Bakti Masyarakat) from the President of Republic of Singapore.

Mr Chee holds a degree Bachelor of Law (Hons) from the University of Singapore. He has been admitted as a Solicitor of the Senior Courts of England and Wales. Since 1980, he has been an Advocate and Solicitor of the Supreme Court of the Republic of Singapore.

08 BOARD OF DIRECTORS



Mr Lien Kait Long, 66

Non-Executive Director / Independent Director

Mr Lien was first appointed to the Board of the Company on 1 June 2005 as Director and was last re-elected as the Company's Director on 27 April 2012. He is currently the Chairman of the Nominating Committee and Risk Management Committee and is a member of the Audit Committee of the Company. He has more than 40 years' experience in accounting and finance, corporate management and business investment.

Mr Lien sits on the Board of several Singapore and Chinese companies listed on the Singapore Exchange Securities Trading Limited namely 8Telecom International Holdings Co., Ltd, China Jishan Holdings Limited, Renewable Energy Asia Group Limited, Falcon Energy Group Limited, Tat Seng Packaging Group Ltd, Youyue International Limited, Viking Offshore and Marine Ltd, IPC Corporation Limited and Pacific Healthcare Holdings Ltd. He is also a Director of China Enterprise Limited, a company listed on the OTC Securities Market in the United States of America.

He was a Director of Ocean International Holdings Limited, Kian Ho Bearings Ltd, CMZ Holdings Ltd and Intraco Limited.

Mr Lien holds a degree in Bachelor of Commerce from Nanyang University, Singapore. He is a fellow of the Institute of Singapore Chartered Accountants and Institute of Certified Public Accountants of Australia since July 2004 and May 2004 respectively.



Mr Tao Yeoh Chi, 62

Non-Executive Director / Independent Director

Mr Tao was first appointed to the Board of the Company on 13 November 1997 as Director and was last re-elected as the Company's Director on 29 April 2011. He is currently the Chairman of the Remuneration Committee and is a member of Audit Committee of the Company.

Mr Tao started his career in 1976 in the Administrative Service of the Government of Singapore where he worked in the Ministry of Defence, Ministry of Education, Public Service Commission, and Ministry of Finance, Ministry of Communications and information and Prime Minister's Office holding various senior positions. He was subsequently seconded to Temasek Holdings where he held the position of General Manager in its Hong Kong wholly-owned subsidiary. From 1988 to 1999, Mr. Tao worked for large Singapore multinational companies such as Times Publishing Ltd, Singapore Technologies Pte Ltd, CapitaLand, and Media Corporation of Singapore. Mr. Tao has a strong background in human resource management and has accumulated over 21 years of experience in the print and broadcast media as well as in the high-end manufacturing sector.

Mr Tao currently a member of Singapore Institute of Directors. He is a Director of Eratat Lifestyle Limited, Next-Generation Satellite Communications Limited, CCM Group Ltd and Sapphire Corporation Limited and sits on the Board of a number of public listed companies in Singapore. He was a Director of China Titanium Ltd.

Mr Tao holds a degree in Bachelor Arts (Economics) and Bachelor of Engineering (Mechanical) with First Class Honours in 1975 from University of Newcastle, Australia under the Colombo Plan Scholarship. He was also awarded the INSEAD Executive Program Scholarship and completed the INSEAD Executive Program in 1983.



Mr Goi Kok Ming (Wei Guoming), 40

Non-Executive Director

Mr Goi was first appointed to the Board of the Company on 10 August 2012 as Director and was last re-elected as the Company's Director on 26 April 2013. Mr Goi is currently the Executive Director of GSH Corporation Limited, a Singapore listed company and Acelink Logistics Pte Ltd, a supply chain company with distribution networks in Singapore, Malaysia, Thailand, Hong Kong and China.

Mr Goi is also a Director of Tee Yih Jia Food Group, a global food and beverage group with operations in Singapore, Malaysia, USA, Europe, China, and Mandarin Food Pte Ltd, a trading company with a network that spans across Australia and South East Asia.

Mr Goi is active in community service and is a member of the Community Development District Council, South East Region.

Mr Goi holds a Bachelor Degree in Computer Information System from California State University, Pomona.



Mr Chan Sek Nin Jackey, 57

Non-Executive Director

Mr Chan was first appointed to the Board of the Company on 5 July 2007 as Director and was last re-elected as the Company's Director on 29 April 2011.

Mr Chan is a Chief Operating Officer in Hanny Holdings Limited. He has accumulated more than 20 years of solid experience in sales and marketing in connection with the media industry by holding senior positions in Television Broadcasts Limited, a company listed on the Stock Exchange of Hong Kong Limited and draws extensive experience in property development, project management and strategic alliance management through senior positions held in other private and public listed companies in Hong Kong.

Mr Chan is also a Director of Eastern Spark Development Limited and Guangzhou Jiang Nah Property Co., Ltd. He was a Director of SMI Corporation Limited, a company listed on the Stock Exchange of Hong Kong Limited and Onland Development Limited.

Mr Chan holds a Diploma in Economics from Lingnan University in Hong Kong.

10 **BOARD OF** DIRECTORS



Mr Lee Po On Mark, 58

Non-Executive Director

Mr Lee Po On was first appointed to the Board of the Company on 10 August 2012 as Director and was last re-elected as the Company's Director on 26 April 2013.

Mr Lee is the Executive Director, Member of Executive Committee and Group General Manager of Television Broadcasts Limited, a company listed on the Stock Exchange of Hong Kong Limited and holds directorships in a number of the subsidiaries of Television Broadcasts Limited.

During the period from 1977 to 1987, Mr. Lee worked with KMPG, an international accounting firm, in various offices including Hong Kong, Los Angeles and Shanghai. From 1988 to early 2007, Mr. Lee worked as an executive director of a listed consortium engaged in real estate, hotel, media, entertainment and retail business in Hong Kong and overseas. During 1992 to 1996, Mr. Lee also took up the position of director and CEO of Asia Television Limited which a former affiliate of the consortium.

Mr Lee is a member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.



12 SENIOR MANAGEMENT



Chang Wai Leng
Hanwell Holdings Limited
Group Financial Controller

Ms Chang has more than 28 years of experience in finance and accounting. She has held senior and management positions with multi-national corporations in FMCG, food-related and trading industries, before becoming the Group Financial Controller of Hanwell Holdings Limited. Ms Chang is a fellow member of the Association of Chartered Certified Accountants (UK).



Yeo See Liang Eugene
Hanwell Holdings Limited
Acting Senior Vice President
Socma Trading (M) Sendirian Berhad
Executive Director

Mr Yeo is very well versed in FMCG operations, having accumulated more than 31 years of experience in diverse industries, including beverage, household, confectionery and groceries. He holds a degree in Business Studies from Middlesex University, United Kingdom.



Wong Yuen May Sandy
Hanwell Holdings Limited
Vice President – Operations

Ms Wong has more than 18 years of experience in the FMCG industry. She held significant positions in business development, general management and finance, before becoming Hanwell Holdings Limited's Vice President – Operations. She holds a degree in Accounting from Charles Sturt University, Australia.



Sim See Hiang Richard
Tipex Pte. Ltd.
Vice President

Mr Sim has more than 13 years of experience in paper product manufacturing and distribution across the Asia Pacific region. He holds a Bachelor of Engineering Degree in Mechanical & Production Engineering from Nanyang Technological University, Singapore.



Tang Chi Ming Danny
Fortune Food Manufacturing Pte Ltd
Assistant Vice President

Mr Tang's experience is wide ranging and spans FMCG business operations, information technology consulting and development, as well as property and securities investments. He became the Assistant Vice President of FFM in 2012. Mr Tang holds a Bachelor of Science Degree in Business Administration from Salem International University in the United States of America.



Chia Bee Luan
Topseller Pte Ltd
Assistant Vice President

Ms Chia has 30 years of experience in retail and supply chain, purchasing and procurement as well as business operations and development, she has worked in multinational companies such as Dairy Farm Group, Cocoa Trees Confectionery (FNA), Shell Petroleum and Exxon Mobil Ltd.



Ching Yong Hai
Topseller Pte Ltd
Assistant Vice President

Mr Ching is a veteran in the FMCG industry with over 20 years of experience. He holds a degree in Business Studies from Monash University, Australia and a postgraduate diploma in Marketing from The Chartered Institute of Marketing (CIMUK).



Long Hoi San
Hanwell Holdings Limited
Legal Counsel – Legal & Corporate Secretarial

Mr Long has more than 10 years of post-qualification experience both in-house and in private practice. He has extensive experience in litigation, conveyancing and corporate and commercial matters. Prior to joining Hanwell Holdings Limited, he worked in several reputable public-listed companies in Malaysia and Hong Kong. He holds a LL.B Bachelor of Laws Degree from University of London, and was admitted as an Advocate and Solicitor to the High Court of Malaya.

14 SENIOR MANAGEMENT



Hong Beng Hui Hannah
Hanwell Holdings Limited
Senior Group Marketing Manager

Ms Hong is equipped with more than 25 years of experience in the retail industry, she is well versed in visual merchandising, commercial sales, public relations and marketing. She is a Graphic Arts graduate from the Nanyang Academy of Fine Arts, Singapore.



Loh See Moon
Tat Seng Packaging Group Ltd
Managing Director/Chief Executive Officer

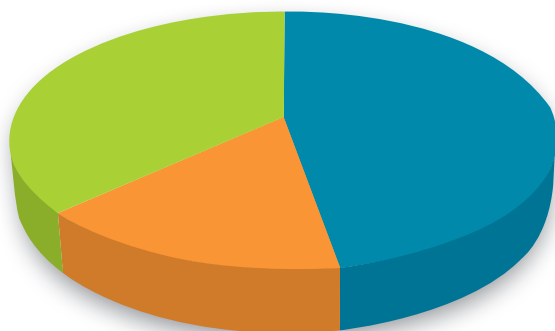
Mr Loh has more than 40 years of experience in the corrugated paper products industry. He holds a Bachelor of Science Degree from Nanyang University, Singapore.



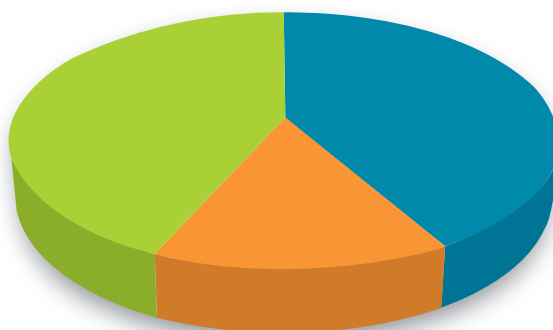
Cheong Poh Hua
Tat Seng Packaging Group Ltd
Executive Director

Madam Cheong has over 33 years of experience in the paper product industry. She joined Tat Seng Packaging Group in 1981 and became its Executive Director in 2002. She holds a Bachelor of Commerce Degree in Accountancy from Nanyang University, Singapore, and is a non-practising member of the Institute of Singapore Chartered Accountants and a Fellow Member of the CPA Australia.

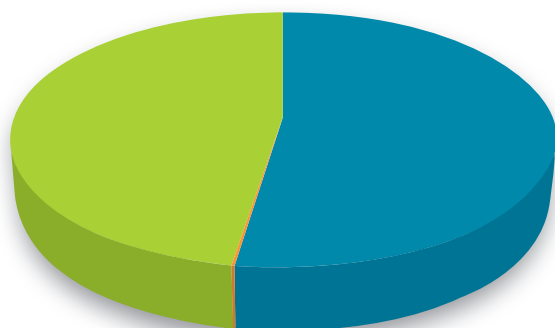


Turnover by **Geographical Segments (\$ million)****2012**

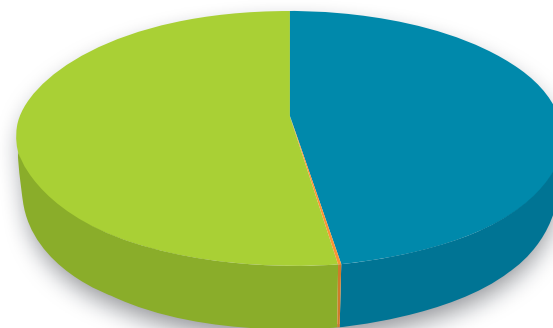
■ Singapore	\$178.7 (47.2%)
■ Malaysia	\$60.7 (16.0%)
■ China	\$139.1 (36.8%)

**2013**

■ Singapore	\$167.8 (41.6%)
■ Malaysia	\$60.4 (15.0%)
■ China	\$175.1 (43.4%)

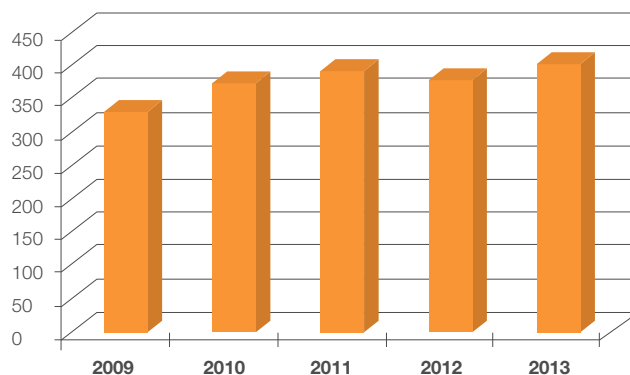
Turnover by **Business Segments (\$ million)****2012**

■ Consumer Business	\$198.3 (52.4%)
■ Health Solutions	\$0.4 (0.1%)
■ Packaging	\$179.8 (47.5%)

**2013**

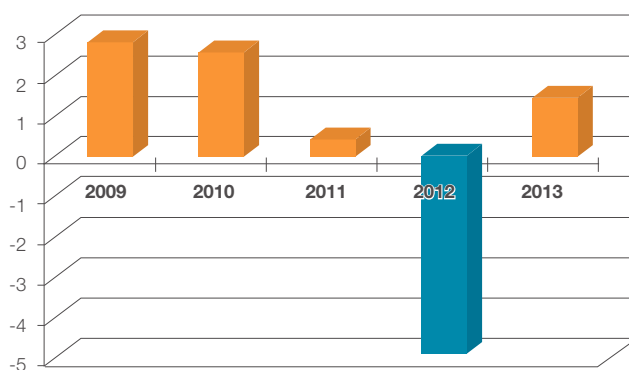
■ Consumer Business	\$187.5 million (46.5%)
■ Health Solutions	\$0.2 million (0.1%)
■ Packaging	\$215.6 million (53.4%)

Turnover (\$ million)



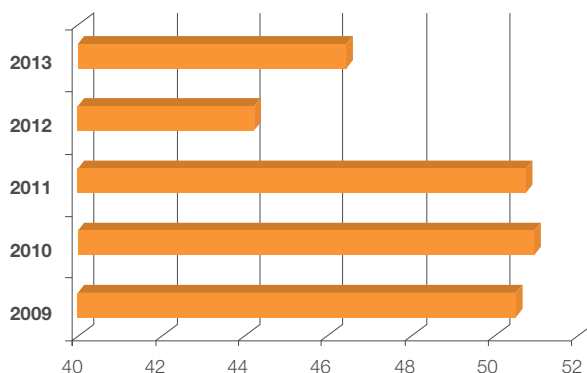
2013 - \$403.3
2012 - \$378.5
2011 - \$392.8
2010 - \$373.7
2009 - \$331.2

Basic Earnings per Share (cents)



2013 - 1.20
2012 - (4.90)
2011 - 0.42
2010 - 2.57
2009 - 2.84

NAV per Share (cents)



2013 - 46.38
2012 - 44.15
2011 - 50.69
2010 - 50.89
2009 - 50.44

18 OPERATIONAL REVIEW

HANWELL HOLDINGS LIMITED – “IECON”

Hanwell Holdings Limited continues to be a one of the major players in the grocery franchising business in Singapore. iEcon has been a household name in Singapore since 1982, and is now the largest franchised mini-mart chain with 85 stores islandwide.

Strategically located in the heartlands and close to the consumers, iEcon boasts a friendly and personalised service and the convenience of a well-stocked grocery store.

Franchisees can tap on Hanwell's well-established supply chain, information management and operating systems, as well as marketing and promotion support to ensure the success of their retail business.

In keeping with the ever-changing consumer lifestyles and demands, iEcon makes conscientious efforts to enhance its product mix and improve on its store layout and systems continuously.

In 2013, iEcon increased its product range offerings with an enlarged pool of suppliers and agencies. A number of islandwide promotions have been organised during the year to boost shopper traffic and ultimately, sales. Among them was the Seventh Month Promotion, which garnered incremental sales of some 100%! Other promotions and contests such as 'Win travel holiday vouchers' also helped to attract more shoppers.

In the last quarter of 2013, a monthly newsletter called iEconomy was launched. Aimed at engaging readers with product information and promotions, company news and activities, recipes, household tips and contests, the newsletter is distributed door-to-door within the proximity of every iEcon outlet. The increase in the number of entries received for the contests featured in the newsletter is evidence of the rise in readership of the publication. Some iEcon outlets also reported higher shopper traffic immediately after the distribution of each issue of iEconomy.

Going forward, iEcon will continue to refine its business model in order to stay competitive in a progressively complex and challenging business environment. Amidst stiff competition from bigger retailers, iEcon has carved a niche for itself, and through close franchisor and franchisee collaboration, this retail concept is set to stay and even achieve greater heights in the days ahead.

TOPSELLER PTE LTD

Established in 1977, Topseller Pte Ltd ("Topseller") – a wholly-owned subsidiary of Hanwell Holdings Limited – is an established developer as well as distributor of popular brands of household and grocery products. It carries renowned rice brands such as Royal Umbrella, Golden Peony, Gitangkim, Harmuni and Taj Ponni. Its other categories of products include detergents, marketed under the brands of Promax, Sunny Fresh, Singpo, as well as cooking oil through the labels of Golden Circle, Harmuni and Soyalite. In addition, Topseller has forged strong partnerships with international brands such as 3M, Lion, Kao, Pauls, JA, and Shanghai Jahwa amongst others. Its strengths in distribution and sales and marketing have made it one of the leading players in the fast moving consumer goods (FMCG) industry today.

During the year in review, Topseller's modern trade business grew through expansion of its distribution channels and the implementation of effective advertising campaigns that helped to raise awareness of its extensive product range. This resulted in a growth in the market share of some of the products.

Singapore's Number One rice brand, Royal Umbrella maintained its market leader position based on sales value and volume tracked by The Nielsen Company. It also continued to win accolades, including the Gold Award in the Rice category in the Reader's Digest Trusted Brands Award 2013, a recognition it has been receiving since 2004. In the same year, it was awarded Superbrands status, making it Singapore's favourite rice brand. After 2008 and 2010, it was the third time Royal Umbrella was being recognised as a Superbrand in the Rice category. Furthermore, it underwent a packaging change during the



20 OPERATIONAL REVIEW

year. Beyond just a cosmetic change to its current striking red colour, the packaging material has also been enhanced to help maintain the freshness of the product for a longer period of time. This makes Royal Umbrella a true market leader in all aspects.

In March 2013, a new packaging for the Golden Peony range of rice products was introduced. Sporting vibrant colours and an attractive pink peony flower, the new packaging creates a refreshing presence on the retail shelves. Targeted integrated marketing campaigns through various media such as radio, public relations, print and corporate social responsibility (CSR) programmes helped boost its sales over last year.

In a bid to raise brand visibility and drive sales, many creative marketing initiatives were introduced during the year. They included 'Win Mediterranean Cruise with Golden Circle Cooking Oil'; 'Win One Year Supply of Royal Umbrella Rice'; and a cooking oil promotion jointly organised with a tabloid newspaper. In addition, Topseller co-organised a series of cooking workshops helmed by famous local chefs to promote its housebrand products such as rice and cooking oil. The company also took the opportunity to cross sell other products in its stable at the sell-out workshops.

Topseller successfully mooted the 'Rice From The Heart' campaign, a charity project involving some of its popular rice brands. A significant amount of rice was collected and contributed to the less privileged community with the support from members of the public.

In 2013, Topseller secured the GlaxoSmithKline (GSK) distributorship, which covers popular brands such as Panadol, Ribena, Sensodyne, EyeMo, Eno and Scotts Emulsion. The appointment was an affirmation of Topseller's extensive distribution experience and its success in helping principals raise their market share. Topseller also extended its distributorship coverage to include healthcare products and signed a distribution agreement with Avenza to promote Envie joint-care and Kera-B hair care products.

In 2014 and the years beyond, Topseller will continue with its stringent cost management programme to curb rising costs, a significant challenge faced by most FMCG companies today. It will introduce new products under its proprietary brands, source new agencies to increase its product offerings and expand its distribution coverage. The company will implement holistic promotion plans and work closely with the key accounts to drive growth.

SOCMA TRADING (M) SENDIRIAN BERHAD

Established in 1989, Socma Trading (M) Sendirian Berhad ("Socma") is the marketing and distribution arm of Hanwell in Malaysia. It distributes a diverse mix of products categorised into confectionery, snacks, grocery and beverage. Through intensive research, the company has developed its own range of housebrand products – Harmuni – catering specifically to the Muslim community.

The various categories continued to turn in a strong performance during the year, giving rise to a 5.0% growth in Socma's sales in FY 2013 over FY 2012.

Confectionery

The Confectionery category had a bustling year. Sales of this category were boosted by the promotions that were rolled out to enhance visibility of the products. In June, a Mentos Secret Display promotion was carried out with the launch of Mentos secret roll and Mentos 3D Secret gum. From 15 October 2013 to 15 January 2014, with the support of Tourism Malaysia, the company organised a Mentos roll consumer contest which leveraged its Mentos Facebook page and the SMS.

During the same year, Socma also launched Mentos sugar-free mints – Mentos Pure Fresh Tin under the agency brand, Perfetti Van Melle (PVM).

Winning the 2013 Guardian Customer Choice Awards was testimony of the popularity of Mentos products among the local consumers. Its Cool Chews range won in the Candy category, while the Pure Fresh and Full Fruit Bottle 52g range emerged the winner in the Chewing Gum category.

In 2014, continue working with Perfetti Van Melle (PVM), our principal to strengthen Mentos' position as the leading confectionery brand in Malaysia through creative marketing and promotional initiatives.

Last year, the company launched promotions to actively market its other revenue driver in the Confectionery category – Chupa Chups. It organised a colouring contest with schools and repeated its Chupa Mega Tin promotion after its successful debut in the fourth quarter of 2012.

Snacks

In FY 2013, sales of the Tao Kae Noi brand of seaweed continued to grow positively, and this was attributable to the company's out-of-the-box sales strategies. The Chinese New Year promotion had again proven to be a successful sales driver; sales of Tao Kae Noi products grew 29% during that period.

Socma launched UCA Cassava chips, a delectable yet healthier alternative to the average potato chips, as they are made from healthy cassava roots. The chips come in three flavours – original, hot & spicy and grill barbecue, and all are equally well-liked by the local consumers. The company has plans to more intensely promote this product in the coming year.

Grocery

FY 2013 had been an exciting year for the Grocery category with the launch of new products under Socma's very own Harmuni brand, and new agency brands being secured. The company rolled out the Harmuni brand Kicap Manis and Kicap Masin, Malay-style soya sauces to cater to the discerning taste buds of the Muslim community. A series of promotions were carried out following the launch of the products to help raise their awareness. More brand-building exercises will be carried out in the year ahead.

Socma will focus on strengthening the Harmuni brand, growing it into one of the leading grocery brands in Malaysia, through the addition of new products to the family.

New agency brands were secured during the year. They included Emma brand coconut milk powder, low fat desiccated coconut and coconut cream, as well as Istima coconut milk powder. The company's success in managing the Mazola brand in the country has won it the distributorship of another of the brand's product – blended oil.

Beverage

In line with the brand's global direction, Wong Lo Kat changed its name to Jia Duo Bao during the year in review. The 100% naturally-brewed herbal tea has retained its original formula and taste. It is Halal certified, making it suitable for Muslim consumers.





Widely acclaimed for its cooling properties, Jia Duo Bao herbal tea is a “must-have” drink during Chinese New Year. Its sales were augmented by the promotions that the company carried out during the festive period. Following the name change, the company will step up its efforts to heighten awareness of the new brandname.

Socma has established a strong foothold in the competitive FMCG industry in Malaysia. Going forward, it will continue to focus on research and product development, as well as seeking and securing new agencies to enlarge its product range. In a highly volatile FMCG industry, where change is the only constant, the company will continually evolve to meet consumers’ rapidly changing needs and preferences.

FORTUNE FOOD MANUFACTURING PTE LTD

Fortune Food Manufacturing (“Fortune Food”) is a wholly-owned subsidiary of Hanwell Holdings Limited. Fortune Food specialises in the production of soya bean-based products such as tofu and tau kwa, and is also the first to introduce pasteurised soya milk, Sobe to the local consumers.

With one of the strongest chilled distribution networks in Singapore, Fortune Food’s products are delivered fresh to retail and foodservice outlets such as hypermarkets, supermarkets, minimarts, provision stores, wet markets, restaurants and institutions. Popular brands and products manufactured and distributed by Fortune Food include Sobe soya milk, Fortune tofu and noodles, Hosei Japanese udon and Sweet Spot chin chow desserts.

In 2013, Fortune Food launched a new variant of Hosei Japanese udon – Hot and Spicy – to complement the existing popular Seafood and Miso flavours. This new flavour of Hosei Japanese Udon is aimed at satisfying the increasingly discerning taste buds of the local consumers. More new variants will be launched progressively in the near future.

As a manufacturer and distributor of consumer products, Fortune Food has its ears to the ground. It draws insights from consumer feedback, and constantly works on improving its products. Fortune Food secured the distributorship for Pauls fruit yoghurts during the year, in

response to feedback from its consumers. Made with Pauls full cream milk, and packed with calcium and protein, all the three variants, namely vanilla, fruit salad and strawberry are well-liked by consumers of varying ages.

As the pioneer of pasteurised soya milk, Fortune Food constantly devises innovative ways to improve both the product quality and packaging of Sobe. In November 2013, the company was the first to introduce Sobe in novelty packaging. The bright and cheery Christmas packaging generated buzz in the market, and added excitement to the otherwise mundane chiller space. In line with the launch of the Sobe Christmas packs, Fortune Food tied up with various local newspapers and magazines to distribute free Sobe to the public, as a gesture of the company's appreciation for the support of its customers all these years.

Leveraging on the success of the Christmas packaging, Fortune Food introduced Sobe Valentine's Day packs in early January 2014, with a lucky draw component which gave customers a chance to win a diamond pendant.

Fortune Food's Fortune range of products has always been popular among the local consumers. Despite intense competition, its preservative-free tofus, as well as noodles have consistently ranked among the top few in the market. Consumer tastes and preferences are constantly changing, and Fortune Food recognises the need to keep up with these changes. In addition to introducing new products and product variants, it is looking at refreshing its product packaging in the near future.

Besides an extensive product offering, Fortune Food is dedicated to providing an excellent level of service to its customers. These, combined with the company's constant quest for high quality innovative products are the factors contributing to Fortune Food's success.

TIPEX PTE. LTD.

Tipex Pte. Ltd. ("Tipex"), a subsidiary of Hanwell Holdings Limited, is one of the major distributors of consumer tissue paper products in Singapore. Tipex owns local leading tissue paper brand Beautex, which is manufactured by its subsidiary in Malaysia, Tips Industry (M) Sdn Bhd. Besides Beautex, Tipex also owns the Mood, Hibis, Comfy and Parity tissue paper brands.

Established in 1984, Tipex has expanded its distribution network extensively over the years. Today, its paper

products are being exported to various countries such as Brunei, Vietnam, Australia, New Zealand and the Maldives.

Besides paper products, Tipex also distributes washroom hygiene products like cleaning agents and dispensers, baby and adult diapers including reputable brands like PetPet, Fitti, BabyLove and Certainty, as well as distilled water.

In 2013, Tipex acquired the licensing rights from Sanrio to use Mr Men and Little Miss ("MMLM") characters, created for a series of children's books by Roger Hargreaves in 1971, on its product packaging. Beautex MMLM box and pocket tissues were successfully launched during the year. The appeal of the adorable characters was unequivocal, and was reflected in the products' sales volumes.

In July 2013, Tipex organised the Life's Beautiful art competition at Gardens by the Bay. The company has been relentless in its efforts to nurture the young and bring out the creative talent in them. Besides giving monetary and logistics support to the event, Tipex went one step further to print the children's winning artworks on Beautex tissue boxes. As part of the company's contribution back to the society, Tipex also pledged to donate 20 cents of the proceeds from the sale of every five-box pack of Beautex tissue paper to The Straits Times School Pocket Money Fund. At the end of the campaign, over S\$26,000 was donated.

During the year in review, Tipex was appointed as the exclusive distributor of reputable Australian brand – MR CLEAN – Household products in Singapore. The partnership agreement was inked between Tipex and APB Asia Pty. Ltd. that owns the MR CLEAN trademark across Asia including Singapore. Under the agreement, Tipex will distribute MR CLEAN Household products, which include scouring pads, cleaning cloths and mitts, floor cleaning pads, mops and brushware to retailers in the modern trade.

The move was a reflection of Tipex's responsiveness to the needs of today's consumers, who are looking for new and innovative products that offer the best value for their money. The household cleaning products complement Tipex's popular range of facial and bathroom tissue products. The distributorship enlarges Tipex's portfolio and brings it one step closer to becoming a provider of total household cleaning solutions.

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Tipex works closely with its tissue paper production plant, Tips Industry (M) Sdn Bhd (“Tips Industry”) in Malaysia to safeguard its product quality and ensure that the plant’s output could meet the increasing demand for its paper products. In this regard, Tips Industry has in place stringent procedures and operating systems and obtained the ISO9001:2008 Quality Management System, ISO14001:2004 Environmental Management System, ISO22000:2005 Food Safety Management System and HACCP certification.

Tips Industry also achieved the Forest Stewardship Council – Chain-of-Custody certification. The Chain-of-Custody process ensures the consumer that the FSC-certified products they purchase are coming from responsibly managed sources. As a socially responsible company, this clearly demonstrated the company’s commitment towards good business ethics and practices.

Going forward, Tipex will continue to strengthen its position as the leading provider of paper products in Singapore. It will dedicate its resources to develop new products and secure new agency lines to complement its existing product range. Tipex will spare no efforts to improve the quality of its products, as this is a critical contributing factor that distinguishes them from its competitors’ products. Tipex will also step up marketing and brand building efforts in 2014 to engage its consumers in more proactive and creative ways.

TAT SENG PACKAGING GROUP LTD

Hanwell owns a 63.9% stake in Singapore-listed Tat Seng Packaging Group Ltd (“Tat Seng”), one of the leading manufacturers of corrugated paper packaging products in Singapore. Operating one production plant in Singapore and five in China, Tat Seng serves an extensive portfolio of clients, ranging from multinational corporations to manufacturers in the food and beverage, electronics and electrical, pharmaceutical, chemical, plastic and metal stamping as well as other exporting related industries.

In FY 2013, the Group’s net profit after tax climbed 53.0% to S\$11.8 million, a record achievement in its operating

history! This was attained on the back of a 19.9% rise in revenue to S\$215.6 million. The strong revenue growth was attributable to higher contributions from its China subsidiaries, in particular, Hefei Dansun and Nantong Group, which experienced increased consumers demand. The commencement of Tianjin Dansun in the first quarter of FY2013 also contributed to its overall sales improvement. Tat Seng’s gross profit went up by 25.4% to S\$43.8 million as a result of greater economies of scale enjoyed by the enlarged operations, as well as lower raw material costs. Its gross profit margin in FY 2013 improved to 20.3%, up from 19.4% in FY 2012.

Tat Seng’s cost management measures also began to bear fruit last year. Compared to revenue growth, distribution and selling expenses, as well as general and administrative expenses grew at a slower pace at 15.7% and 14.7% respectively to S\$12.5 million and S\$14.2 million.

As at 31 December 2013, Tat Seng’s cash and bank balances remained healthy at S\$23.1 million, compared to S\$25.6 million last year. The slight dip was due to loan repayment and higher trade and other receivables resulting from increased business activities.

SEGMENTAL REVIEW

Singapore Operations

During the year in review, Tat Seng consolidated its two Singapore operations by relocating its Tuas plant to its premises at Senoko, as part of its rationalisation exercise.

In FY 2013, revenue from Tat Seng’s Singapore operations fell marginally by 0.7%. Its sales of S\$40.4 million constituted 18.8% of the total Group revenue. Higher non-operational costs have resulted in the higher loss for its Singapore operations in FY2013. Excluding the non-operational costs, Tat Seng’s Singapore operations turned in a higher operational profit as compared to last year, despite the intense competition that it faced.

China Operations

In FY 2013, the higher demand for Tat Seng’s corrugated packaging products in China gave rise to a 25.9% increase

in sales to S\$175.2 million, which represented 81.2% of the total Group revenue.

During the year in review, Tat Seng's first plant in northern China – Tianjin Dansun – commenced operations. This was a strategic move by the Group to develop new clientele in northern China and the Tianjin Binhai New Area (天津滨海新区) – a new special economic zone located to the east of Tianjin's main urban area. Equipped with a 2.5-metre corrugator line and two four-colour flexographic printers, Tianjin Dansun supports a growing demand for corrugated packaging products in the Tianjin Binhai New Area, which houses many multinational corporations including Fortune Global 500 companies. Tianjin Dansun also supports an existing customer which has recently expanded its operations to the fast-growing Tianjin city.

OUTLOOK

Tat Seng is bracing itself for the heightening competition in the corrugated packaging industry in both Singapore and China. In China, competition is heating up in light

of more new entrants into the market. Existing players are also stepping up their competitiveness by upgrading their production facilities. In the longer term, this trend will inevitably create a downward pressure on selling prices. In Singapore, the tight labour market, along with rising wages and operating costs will continue to impact the Group's margins.

The Group is gearing up for these challenges by improving its operational efficiency and better managing its costs. Recognising that automation is key to cutting its reliance on the increasingly costly labour, the Group is channelling its resources to speed up its automation process. It is also looking at improving its supply chain management, centralising its certain procurement functions where possible, as well as intensifying its sales and marketing efforts to foster closer ties with existing customers and acquire new customers. New product lines will be developed to meet consumers' growing needs. In addition, Tat Seng will explore ways to scale up its new Tianjin Dansun plant to optimise its operational efficiency.



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业务回顾



恒威集团控股有限公司—i宜康

恒威集团控股有限公司(“恒威”)持续是新加坡食品特许经营业的佼佼者之一。i宜康成立于1982年,是新加坡规模最大的小型超市特许经营连锁加盟,目前拥有85家门店,是新加坡家喻户晓的品牌。

i宜康地处住宅区,贴近消费者;以其充足的货源,为消费者提供方便及友善的贴心服务。

恒威以其完善的供应系统,信息管理运作系统,强大的市场营销和推广支持,确保了特许经营者的零售业务取得成功。

i宜康将继续丰富产品组合,不断优化店面布局和系统,以满足消费者不断变化的需求,迎合消费者瞬息万变的生活方式。

宜康于2013年增加了供应商及代理商,为顾客提供更丰富的产品选择。另外为了提高客流量及销量,i宜康亦在全岛开展了一系列优惠促销活动。在“农历七月促销”活动中,销量更增加了大约一倍!其他的促销活动,如“赢取旅游礼券”活动,也成功吸引了众多顾客。

i宜康于2013年第四季度发行了月刊《iEconomy》,为读者提供产品信息、促销活动、公司新闻、特色食谱、生活贴士以及有奖竞赛等内容。月刊派发给居住在iEcon附近的每户家庭。从参加竞赛的表格不断增加,就可证明《iEconomy》的读者也在持续上升。月刊的发行也促使一些i宜康的客流量明显增加。

展望未来,i宜康将继续改善经营模式,在日益复杂,挑战重重的商业环境中保持竞争优势。在与大型零售商的激烈竞争中,i宜康如今已成功地在市场上占据一席之地。通过授权商与特许经营业者之间的紧密合作,相信此零售模式在未来将继续保持竞争力并且取得更大的成功。

达美有限公司

达美有限公司(“达美”)成立于1977年,是恒威集团控股有限公司的一家全资子公司,也是新加坡名声悠久的家庭用品及食物品牌开发商和分销商。达美经营众多知名品牌,包括皇族安培哪、金牡丹、一桶金、Harmuni以及Taj Ponni等米类产品,Promax、Sunnyfresh及新宝等洗衣剂,金圈、Harmuni及素又丽等食用油。此外,达美还与诸多国际品牌达成强有力的伙伴合作关系,如3M、狮王、花王、Pauls、JA以及上海家化等。达美凭着强大

的分销网络与促销能力，成为了当今快速消费品(FMCG)行业中的领导者之一。

在回顾年度内，达美在大型超市的业务不断发展，分销渠道进一步扩张，加上有效的广告宣传使得产品的知名度大幅提升，产品市场份额持续上升。

据尼尔森公司的调查显示，依据销售价值及销售数量计算，皇族安培哪依旧保持新加坡稻米市场领先地位，牢牢占据市场份额第一名。同时皇族安培哪也屡获大奖，不但于2004至2013年连续获得《读者文摘》“信誉品牌”米类金奖，而且，皇族安培哪香米继2008年和2010年获得米类“超级品牌”后，2013年第三次获此殊荣，成为新加坡人民最喜爱的米类品牌。此外，皇族安培哪香米也于2013年更换新包装。新包装采用鲜红色，包装材料品质也提升，使大米能在更长时间内保持新鲜。这一举措使皇族安培哪在各方面成为了市场领导者。

2013年3月，达美为金牡丹香米系列更新了包装，新包装的颜色鲜艳，以优美的牡丹花为主题，使其在零售货架上更显突出。同时达美通过特别营销活动，利用各媒体如广播、公共关系、印刷品以及企业社会责任项目等，提升了金牡丹香米去年的销量。

为了提升品牌知名度及增加销量，去年达美开展了许多富有创意的营销活动，包括“买金圈赢地中海豪华游”、“赢取一年免费皇族安培哪香米供应”以及与本站合作举办的食用油促销活动。此外，达美还与本地著名厨师举办了一系列烹饪活动，并在活动上推销自家的米类及食用油等产品，同时交叉销售其它产品。

达美成功举办了慈善活动——“一粒米，一颗米”，涵盖旗下最受欢迎的米类品牌，这项活动得到了公众的大力支持，为弱势群体募集到了大量香米。

2013年达美获得葛兰素史克公司旗下多个产品的分销权，包括“班纳杜”、“利宾纳”、“Sensodyn”、“EyeMo”、“Eno”以及“Scotts Emulsion”。此次合作肯定了达美丰富的分销经验，成功为委托公司提升产品的市场占有率。达美还获得了一系列保健产品的分销权，与Avenza公司签订分销合约，推广其Envie关节保健产品及Kera-B护发产品。

展望未来，达美将继续执行严厉的成本管理计划，抑制成本上涨，克服当今快速消费品公司面临的这一重大挑战。同时，达美将推出更多新的自家品牌产品；开发新代理商，增加产品供应品种；扩大分销覆盖率。达美也将展开全面性的促销活动，与主要客户紧密合作，共同驱动发展。

启信行（马）有限公司

启信行（马）有限公司（“启信”）成立于1989年，是恒威在马来西亚的营销及分销公司，其众多分销产品可分为糖果、零食、杂货以及饮料四大类。通过积极研究，公司开发了自家品牌——Harmuni以满足马来社群的个别需求。

启信名下的各类产品去年表现依然强劲，公司2013年销售额较2012年上涨5%。

糖果

去年糖果类产品销售旺盛，为提高产品知名度推出的促销活动大大提高了糖果类产品的销量。为配合新推出的曼妥思糖卷和曼妥思3D口香糖，在六月份公司举办了“曼妥思神秘展式”促销活动。除此之外，2013年10月15日至2014年1月15日期间，启信在马来西亚旅游局的大力支持下，充分利用曼妥思Facebook主页及短信服务，举办了曼妥思消费者有奖竞赛活动。

同年，启信旗下代理品牌，不凡帝范梅勒（“PVM”）推出了曼妥思无糖薄荷——Mentos Pure Fresh Tin。

曼妥思荣获2013年《Guardian》消费者选择奖，其Cool Chews系列产品获得糖果类大奖，Pure Fresh和Full Fruit Bottle 52g系列则荣获口香糖类大奖，这也证明了曼妥思产品广受当地消费者的欢迎。

2014年，启信将继续与我们的伙伴不凡帝范梅勒（“PVM”）合作，通过富有创意的营销及促销活动，巩固曼妥思在马来西亚糖果市场的领先地位。

去年，公司也开展了促销活动，积极推广其另一收入来源的糖果品牌——Chupa Chups，与各学校共同举办彩色竞赛活动，并重复于2012年成功主办的Chupa Mega Tin促销活动。

零食

2013财政年度，得益于公司具创意性的销售策略，Tao Kae Noi品牌紫菜的销量持续增长；农历新年期间所举办的促销活动也大幅提升产品销量，在那期间，Tao Kae Noi品牌产品的销售量增长29%。

启信推出了UCA木薯片，与普通马铃薯片相比，同样美味却更益健康，木薯片有三种口味：原味、香辣味以及烧烤味，三种口味均倍受当地消费者欢迎。公司计划将于2014年大力推广此产品。

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业务回顾

杂货

2013财政年度，启信除了签下多个新代理品牌，旗下自家品牌Harmuni也推出了多种新产品。Harmuni品牌为满足马来社群的独特需求，开发了Kicap Manis及Kicap Masin，两种马来风味的酱油。而新产品推出后，启信立即开展了一系列促销活动，力求提高产品知名度。公司亦将在日后举办更多品牌建设活动。

启信将致力发展Harmuni品牌，不断研发新产品，努力将其打造成马来西亚杂货市场的领导品牌。

去年，启信签下了许多新代理品牌，包括Emma品牌的椰奶粉，低脂脱水椰浆和椰乳，以及Istima品牌的椰奶粉。公司成功管理Mazola品牌产品的经历，为其赢得了该产品另一产品——混合油的分销权。

饮料

在回顾年度内，王老吉随着全球品牌发展的走势，更名为加多宝，百分百纯正草本凉茶，配方不变，口味不变；产品经清真食品认证，更符合马来消费者的口味。

加多宝凉茶具有“降火”作用，成为农历新年期间必备饮品。产品销量也因公司在此假日期间举办的促销活动而大幅上升。产品更名后，公司也将在日后不断增强新品牌的知名度。

启信已在马来西亚竞争激烈的快速消费品行业取得了稳固的地位。展望未来，启信将继续专注产品研发，寻找新代理商，不断丰富产品种类。快速消费品行业变化无常，唯一不变的就是变化，因此，启信将不断求新，求变以迎合消费者瞬息万变的需求和偏好。

鸿运食品集团

鸿运食品集团（“鸿运食品”）是恒威的全资附属公司，专门生产以大豆为原料的产品，包括豆腐和豆干，并率先为本地顾客提供巴氏杀菌豆浆Sobe。

鸿运食品拥有新加坡最强大的冷冻食品分销网络之一，将新鲜食品输送到零售店和餐饮服务网点，如大型超市、超级市场、迷你超市、杂货店、湿巴利、餐馆和相关机构。鸿运食品生产并销售的著名品牌和产品包括Sobe豆浆、鸿运豆腐和面条，Hosei日式乌冬面以及Sweet Spot烧仙草甜点。

2013年，鸿运食品推出了一个新Hosei日式乌冬面的品种——辛辣风味，与当下受欢迎的海鲜和味噌风味相辅相成。新口味的Hosei日式乌冬面满足了本地顾客日渐敏锐的味蕾，不久将会有更多的新品口味相继推出。

作为一个产品制造商和批发商，鸿运食品时刻聆听顾客的心声，对顾客的反馈细心分析，并不断努力改进其产品。在过去一年里，鸿运食品根据顾客的反馈，获得Pauls水果酸奶的分销权，其三种口味——香草、水果沙拉和草莓风味，都是以Pauls全脂牛奶为原料，并加入钙和蛋白质，深受各个年龄层顾客的喜爱。

作为巴氏杀菌豆浆的开创者，鸿运食品不断创新，努力提高Sobe的产品质量和包装。2013年11月，公司首次推出Sobe新包装——明亮喜庆的圣诞节包装在市场上引起轰动，为暗淡的摆设柜增添了几分色彩。在推出Sobe圣诞节包装的同时，鸿运食品与报社和杂志合作，向公众免费派发Sobe豆浆，以回馈广大顾客多年来的支持。

Sobe圣诞节包装的成功，促使鸿运食品于2014年1月上旬再度推出Sobe情人节包装，并添加了幸运抽奖环节，让每位顾客有机会赢得一枚钻石吊坠。

鸿运食品的产品一直深受本地顾客喜爱，尽管竞争激烈，但不含防腐剂的豆腐和面条一直备受市场青睐。

鸿运食品明白顾客的品味和喜好是不断变化的，也了解跟上这些变化的重要性。因此，除了推出新产品和新品种，鸿运食品也不会在不久的将来更新其产品包装。

除了提供品种齐全的产品，鸿运食品还致力于为顾客提供优质服务。此外，公司还孜孜不倦地追求高质量创新产品。所有这些因素铺就了鸿运食品的成功之路。

大业集团

大业集团（“大业”）是恒威的附属公司，也是新加坡面巾纸产品的主要分销商之一。大业拥有本地面巾纸的领导品牌Beautex，该品牌纸制品是由其位于马来西亚的子公司Tips Industry (M) Sdn Bhd生产的。除Beautex品牌外，大业还拥有Mood、Hibis、Comfy以及Parity等面巾纸品牌。

大业成立于1984年，多年来其销售网络大范围扩张。如今，大业的纸制品出口到多个国家，如文莱、越南、澳大利亚、新西兰和马尔代夫。

除纸制品外，大业还经营洗浴卫生用品，如清洁剂和分液器、婴儿和成人纸尿裤（包括著名品牌如PetPet、Fitti、BabyLove和Certainty）以及蒸馏水。

2013年，大业获得了日本三丽鸥公司“奇先生和妙小姐”（“MMLM”，1971年，由罗杰·哈格里夫斯为一系列儿童丛书创造的人物形象）的卡通形象使用权，并将其用于产品包装。同年，Beautex的MMLM盒装和袋装面巾成功上市。可爱卡通形象的吸引力显而易见，促使产品的销售量上升。

不遗余力地栽培青少年创意能力的大业，于2013年7月在滨海湾花园举办了“美好生活”（Life's Beautiful）绘画比赛。对于该活动，大业除提供资金和后勤支持外，还将获胜者的作品印于Beautex面巾纸包装盒上。除此之外大业也从卖出的每份五盒包装的Beautex面巾纸中抽出20分捐赠给海峡时报学校零用钱基金作为公司对社会的回馈。至该活动结束，总捐款额超过2万6千新元。

在回顾年度内，大业被指定为新加坡著名澳大利亚牌MR CLEAN亚洲（包括新加坡）地区商标权的APB Asia有限公司独家经销商。根据该协议，大业将分销MR CLEAN家用清洁用品，包括各式各样多功能百洁布、清

洁布和抹布手套、地板百洁布、拖把和清洁刷到本地各大零售商。

这一切都体现出大业积极推陈出新的精神，以迎合现今顾客们对创新和超值产品的需求。MR CLEAN经销权不仅扩大了大业的经营范围，其家居清洁用品与受欢迎的纸制产品系列更是相得益彰，并使其距离成为全方位家居清洁用品供应商的目标更近了一步。

大业与其面巾纸生产工厂——马来西亚Tips Industry(M) Sdn Bhd密切合作，确保产品质量，保证工厂产满足日益增长的纸制品需求。为此，Tips Industry制定了恰当、严格的规程和作业系统，并获得了ISO9001:2008质量管理体系、ISO14001:2004环境管系、ISO22000:2005食品安全管理体系以及HACCP（危害分析和关键环节控制点）认证。

Tips Industry还获得了森林管理委员会的产销监管证。产销监管链确保顾客购买到森林管理委员会认证的来源合格的产品。作为一家对社会负责的公司，这充分展示了公司秉承良好商业道德和商业行为的庄重承诺。

展望未来，大业将继续巩固其新加坡纸制品供应商领导者的地位，利用资源开发新产品，获取更多代理权，以扩大现有产品范围。大业将努力提高产品质量，以此在众多竞争者中脱颖而出。2014年，大业将加强营销和品牌打造力度，以更具前瞻性和创造性的方式吸引顾客。



30 业务回顾

达成包装集团有限公司

恒威拥有新加坡上市公司达成包装集团有限公司（“达成”）63.9%的股权。达成是生产瓦楞纸包装产品的主要制造商之一，在新加坡拥有一家工厂，在中国则有五家工厂。达成为广泛的顾客提供服务，包括跨国公司以及食品和饮料、电子与电器、医药、化学制品、塑料和金属冲压以及其他与出口相关的制造商。

2013财政年度，达成税后净利润增长53.0%至1千1百80万新元，刷新公司记录。其收入增长19.9%至2亿1千5百60万新元。收入增长归功于中国子公司，尤其是合肥丹盛包装有限公司和南通集团的客户需求增加。2013财政年度第一季度开始运营的天津丹盛包装有限公司，也为营业总收入做出了贡献。由于业务扩大产生了更大的规模效益以及原材料成本降低，达成的毛利润增长了25.4%，达4千3百80万新元，毛利率从2012财政年度的19.4%提高到2013财政年度的20.3%。

相对于收入增长，达成的成本管理措施也于去年初见成效。分销和销售费用以及总务和管理费用的增加都放缓，前者放缓15.7%至1千2百50万新元；后者则放缓14.7%至1千4百20万新元。

截止2013年12月31日，达成的现金及银行结存为2千3百10万新元，与去年的2千5百60万新元相比，相对持平。其中产生小幅差额的原因是偿还借款、大型交易和其他由增加的业务活动引发的应收款项。

分部回顾

新加坡业务

在回顾年度内，为了巩固其新加坡业务与合乎经济原则，达成将大士工厂迁至圣诺哥工厂。

2013财政年度，达成的新加坡业务收入略降了0.7%，其销售额为4千零40万新元，占集团总收入的18.8%。

2013财政年度，较高的非营运成本导致新加坡业务出现了较大亏损。尽管面临激烈的竞争，扣除非运营成本后，达成的新加坡业务与去年相比获得了更大的营运利润。

中国业务

2013财政年度，由于中国对达成瓦楞纸包装产品的需求增加，其销售额增加了25.9%，达1亿7千5百20万新元，占集团总收入的81.2%。

在回顾年度内，达成在中国北方的第一家工厂——天津丹盛包装有限公司——开始运作，这是达成集团为开发中国北方客户和天津滨海新区客户的一项战略举措。天津滨海新区位于天津主城区东部的新型经济特区，拥有众多跨国公司，包括财富世界500强公司，而拥有一条2.5米的瓦楞纸板生产线和两台四色柔版印刷机的天津丹盛包装有限公司，则可满足天津滨海新区对瓦楞纸包装产品不断增长的需求。与此同时，天津丹盛包装有限公司也为选择在快速发展中的天津市扩张自己业务的一名现有顾客提供服务。

展望

达成正在为新加坡和中国瓦楞纸包装业日渐激烈的竞争做准备。在中国，更多的新公司涌入该市场，使竞争更加激烈。现有的生产商通过更新生产设备提高竞争力。从长远来看，将会对产品价格造成压力。在新加坡，劳动力市场紧缩以及不断上涨的工资和经营成本将继续影响集团的利润率。

达成将不断提高营运效率，节约成本，以应对这些挑战。达成意识到自动化可减少对日益昂贵劳动力的依赖，因此致力于利用资源，加快自动化进程。达成也致力于提高供应链管理，合理集中一些采购活动，并且加强销售和营销项目，以促进与现有顾客的关系，开发新客户，并且满足消费者日益增长的需求，积极开发新产品。此外，达成将寻求新业务以便提升新的天津丹盛工厂的运营效率。

31 **CORPORATE** INFORMATION

BOARD OF DIRECTORS

Dr Allan Yap
Executive Chairman

Dr John Chen Seow Phun
Deputy Chairman / Non-Executive Director

Tang Cheuk Chee
Executive Director

Chee Teck Kwong Patrick
Non-Executive Director / Independent Director

Lien Kait Long
Non-Executive Director / Independent Director

Tao Yeoh Chi
Non-Executive Director / Independent Director

Chan Sek Nin Jackey
Non-Executive Director

Lee Po On Mark
Non-Executive Director

Goi Kok Ming (Wei Guoming)
Non-Executive Director

COMPANY SECRETARY

Chew Kok Liang

AUDIT COMMITTEE

Chee Teck Kwong Patrick (Chairman)
Dr John Chen Seow Phun
Lien Kait Long
Tao Yeoh Chi

REMUNERATION COMMITTEE

Tao Yeoh Chi (Chairman)
Chee Teck Kwong Patrick
Dr John Chen Seow Phun

NOMINATING COMMITTEE

Lien Kait Long (Chairman)
Dr John Chen Seow Phun
Chee Teck Kwong Patrick

REGISTERED OFFICE

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Company Registration Number: 197400888M

SHARE REGISTRAR

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Facsimile: +65 6225 1452

AUDITORS

KPMG LLP
Certified Public Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

(Engagement Partner since financial year ended
31 December 2009: Lo Mun Wai)

PRINCIPAL BANKERS

United Overseas Bank Ltd
DBS Bank Ltd
Standard Chartered Bank

32 CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

In 2013, Hanwell continued to work hard to enhance value for our shareholders. Nevertheless, while keeping an eye on our sales and bottom lines, we have not overlooked our role as a good corporate citizen.

Life's truly Beautiful

Organised by our subsidiary, Tipex, the fifth "Life's Beautiful" art competition took place in July 2013 at Gardens by the Bay. Despite the haze, the competition still managed to attract more than 100 children participants.

Tipex printed the children's top 3 winning artworks of each category on Beautex tissue boxes, which were sold at major supermarkets and retail outlets islandwide. The company also pledged to donate 20 cents for every 5-box pack of Beautex tissue paper sold to The Straits Times School Pocket Money Fund. At the end of the campaign, Tipex contributed a total sum of \$26,370.20 to The Straits Times School Pocket Money Fund.

Rice from the Heart

The success of the "Rice from the Heart" campaign helmed by Royal Umbrella rice in March 2013 prompted Hanwell's subsidiary, Topseller to repeat the campaign in November, albeit this time, on a smaller scale with Golden Peony rice. The widely publicised campaign with Royal Umbrella rice in March 2013 garnered over 76,000kg of rice through the sale of \$12 rice vouchers at all FairPrice Xpress and Cheers outlets islandwide. With the help of its charity partner, Chinese Development Assistance Council (CDAC), Topseller distributed the rice to needy families from May to November 2013.

During the November campaign with Golden Peony rice, the public was encouraged to purchase \$11 rice vouchers from

iEcon outlets. For every voucher sold, a 5kg pack of Golden Peony rice would be donated to the three beneficiaries with whom Topseller partnered, namely Willing Hearts, Food from the Heart and CDAC. Topseller went one step further by contributing another 50 cents worth of rice for every pack of rice donated. Through below-the-line promotional activities and support from iEcon owners, members of the public and the media, over 10,000kg of rice was donated to the beneficiaries.



Hanwell cares

Besides partnering with Willing Hearts for our 'Rice from the Heart' project, Hanwell also supports the voluntary welfare organisation with staff volunteers.

In November 2013, more than 20 employees from different departments and subsidiaries of the Hanwell Group joined other volunteers at Willing Hearts to help prepare and pack some 3,000 meal boxes for distribution to less privileged elderly and families.

In a bid to encourage active volunteerism among our staff, Hanwell has made the help out session at Willing Hearts a bi-monthly activity. The second session took place in January 2014.

Our mantra of giving

Throughout the year, Hanwell and our subsidiaries also had lent support to various other community and charity organisations through sponsorships in kind as well as cash donations. As a corporate citizen with a heart, it is the Group's mantra to give back to the society in ways that we can to help those in need.



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The Board of Directors (the “Board”) and Management of Hanwell Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as “the Group”) place great importance on high standard of corporate conduct to uphold good corporate governance. This commitment and continuous support of the Code of Corporate Governance which was revised in May 2012 (the “Code”) can be seen from the Board and Management efforts to promote and maintain values which emphasize transparency, accountability, integrity and proper conduct at all times in the business operations and dealings of the Group so as to create value for its stakeholders and safeguard the Group’s assets.

This Statement describes the practices the Company has undertaken with respect to each of the principles and guidelines and the extent of its compliance with the Code.

1 BOARD MATTERS

The Board’s Conduct of Affairs

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

1.1 Role of the Board

The Company is headed by an effective Board, comprising individuals with diversified backgrounds and who collectively brings with them a wide range of experience, to lead and control the Group. The Board is responsible for the overall management and success of the Group.

The primary role of the Board is to protect and enhance long-term shareholder value. To fulfil this, apart from its statutory responsibilities, the Board performs the following roles and functions:

- providing entrepreneurial leadership, sets the overall strategic objectives, and direction for the Group;
- approving major funding proposals, investment and divestment proposals of the Company;
- reviewing the performance of management by establishing management’s goals and monitoring the achievement of those goals;
- reviewing and endorsing the framework of remuneration for the Board and key executives as may be recommended by the Remuneration Committee;
- supervising executive management, ensures that the Company has the necessary resources to meet its goals and establish a framework of prudent and effective controls to assess and manage risks;
- overseeing the processes of risk management, financial reporting and compliance and evaluates the adequacy of internal controls; and
- assuming the responsibilities for corporate governance.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interest of the Company.

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1.2 Board Processes

The Board has established a number of Board Committees to assist it in carrying out more effectively its oversight function. These Board Committees consist of Audit Committee ("AC"), Nominating Committee ("NC"), Remuneration Committee ("RC") and Risk Management Committee ("RMC"). These Board Committees function within clear Board-approved written terms of reference. Such terms of reference will be reviewed by the Board on a regular basis to enhance the effectiveness of these Board Committees. The minutes of all Board Committee meetings which provide a fair and accurate record of the discussion and key deliberations and decisions taken during the meeting are circulated within the Board. The roles and responsibilities of these Board Committees are provided for in the latter sections of this Statement on Corporate Governance.

The schedule of all Board and Board Committee meetings for a calendar year is usually given to all Directors well in advance. Besides the scheduled quarterly Board meetings, the Board meets on an ad-hoc basis as warranted by particular circumstances. Board meetings will be convened when they are deemed necessary, to review the Group's business operations, conduct strategic review of the business affairs and address other specific significant matters that arise. The Company's Articles of Association provide for meetings of directors by way of telephone and video conferencing. The Board also approves transactions through circular resolutions which are circulated to the Board together with all relevant information relating to the proposed transaction.

The agenda for meetings is prepared in consultation with the Executive Chairman and the Executive Director. The Agenda and submissions are circulated in advance of the scheduled meetings.

1.3 Directors' Meetings Held in Financial Year 2013

The Board held five (5) meetings during the financial year. The number of meetings attended by each member of the Board during the financial year is as follows:

Name of Director	Board Meetings attended
Allan Yap	4
Tang Cheuk Chee	4
John Chen Seow Phun	5
Chee Teck Kwong Patrick	5
Tao Yeoh Chi	5
Lien Kait Long	5
Chan Sek Nin Jackey	5
Lee Po On Mark	2
Goi Kok Ming (Wei Guoming)	5

The Directors were appointed based on their experience, stature and potential to contribute to the proper guidance of the Group and its businesses. As such, we believe that each individual Director's contributions can be reflected in ways other than the reporting of attendances at Board meetings and/or Board Committee meetings.

CORPORATE GOVERNANCE STATEMENT

1.4 Matters Requiring Board Approval

The Directors have identified a few areas for which the Board has direct responsibility for decision making (which are embodied in its internal guidelines) such as the following:

- approval of the quarterly results announcements;
- approval of the annual report and accounts;
- declaration of interim dividends and proposal of final dividends;
- convening of shareholders' meetings;
- approval of corporate strategy;
- authorisation of major transactions;
- approval of Board changes and appointments to Board Committees;
- increase in investment in businesses and subsidiaries;
- divestment in any of the Group companies; and
- commitments to term loans and lines of credit from banks and financial institutions by the Company.

While matters relating in particular to the Company's objectives, strategies and policies require the Board's direction and approval, the Management is responsible for the day to day operation and administration of the Company in accordance with the objectives, strategies and policies set by the Board.

1.5 Board Development

Our Directors are provided with extensive background information about our Group's history, mission, values and business operations. The NC ensures all Directors are equipped with the appropriate skills and knowledge to perform their roles on the Board and Board Committees effectively. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with such regulatory changes, the Company provides opportunities for continuous development programmes on Board processes and best practices as well as updates on relevant new laws and regulations.

During the financial year, the Company has organised a training session for the Directors and Senior Officers of the Company in relation to accounting update, key governance changes to the Singapore Stock Exchange Listing Rules, key changes to the Corporate Governance Code, proposed amendment to the Companies Act (Chapter 50) and duties and responsibilities on Directors. The Directors also have the opportunity to visit the Group's operational facilities and meet with the Management to gain a better understanding of the business operations.

The Company has set up a more formal procedure for the issue of appointment letters setting out directors' duties and obligations. Newly appointed Directors are also briefed on the business and organisational structure of the Group and its strategic directions.

In addition, the Directors of the Company are encouraged to attend appropriate or relevant courses, conference and seminars conducted by professional organisations. The Company may fund the appropriate training and development programmes for the Directors. The Board has received updates on changes in listing rules, regulatory requirements, corporate governance guidelines and best practices on regular basis.

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1.6 Board Composition and Guidance

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

The present Board of the Company consists of nine (9) members comprising the Executive Chairman and one (1) Executive Director, three (3) Independent Directors and four (4) Non-Executive Directors. All Directors exercise independent judgement and make decisions objectively in the best interest of the Company. The assessment criteria in the Chairman's assessment of Directors include intensity of participation at meetings, quality of interventions and special contribution.

The Board comprises members with diverse expertise and experience in business and management, accounting, finance, human resources and law.

As at the date of this report, the Board comprises 9 suitably qualified members:

Name of Director	Date of appointment/ Date of last re-election	Functions	Directorships in other listed companies and other major appointments	Past directorships in other listed companies and other major appointments over the preceding three years
Allan Yap	10 May 2002/ 27 Apr 2012	Executive Chairman	Chairman and Executive Director of Hanny Holdings Limited Chairman, CEO and Director of China Enterprises Limited Chairman, CEO and Director of Burcon NutraScience Corporation Executive Chairman of Tat Seng Packaging Group Ltd Alternate Director of Television Broadcasts Limited	Executive Director of Rosedale Hotel Holdings Limited (formerly known as Wing On Travel (Holdings) Limited) Executive Director of See Corporation Limited Executive Chairman of Intraco Limited

CORPORATE GOVERNANCE STATEMENT

1.6 Board Composition and Guidance (cont'd)

Name of Director	Date of appointment/ Date of last re-election	Functions	Directorships in other listed companies and other major appointments	Past directorships in other listed companies and other major appointments over the preceding three years
John Chen Seow Phun	9 Jun 2003/ 26 Apr 2013	Deputy Chairman/ Non-Executive Director Member of Audit, Nominating and Remuneration Committee	Executive Chairman of Pavillon Holdings Ltd (formerly known as Thai Village Holdings Ltd) Chairman and Independent Director of Matex International Limited Non-Executive Deputy Chairman of Tat Seng Packaging Group Ltd Independent Director of Fu Yu Corporation Limited, OKP Holdings Limited, Hiap Seng Engineering Ltd and HLH Group Limited	Independent Director of HLYNX Pte Ltd
Tang Cheuk Chee	1 Aug 2011/ 27 Apr 2012	Executive Director Member of Risk Management Committee	Executive Director of Tat Seng Packaging Group Ltd	Executive Director of Intraco Limited
Chee Teck Kwong Patrick	1 Aug 1990/ 26 Apr 2013	Non-Executive Director/ Independent Director Chairman of Audit Committee, Member of Nominating and Remuneration Committee	Independent Non-Executive Chairman of CSC Holdings Limited Independent Director of Ramba Energy Limited, Tat Seng Packaging Group Ltd, Hengxin Technology Ltd, China International Holdings Limited and Hai Leck Holdings Limited	Independent Director of Singapore Windsor Holdings Limited

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1.6 Board Composition and Guidance (cont'd)

Name of Director	Date of appointment/ Date of last re-election	Functions	Directorships in other listed companies and other major appointments	Past directorships in other listed companies and other major appointments over the preceding three years
Tao Yeoh Chi	13 Nov 1997/ 29 Apr 2011	Non-Executive Director/ Independent Director Chairman of Remuneration Committee and Member of Audit Committee	Independent Director of CCM Group Ltd, Sapphire Corp Ltd, Next-Generation Satellite Communications Limited and Eratat Lifestyle Limited	Independent Director of China Titanium Ltd
Lien Kait Long	1 Jun 2005/ 27 Apr 2012	Non-Executive Director/ Independent Director Chairman of Nominating and Risk Management Committees and Member of Audit Committee	Director of China Enterprises Limited Independent Director of Tat Seng Packaging Group Ltd, 8Telecom International Holdings Co., Ltd, China Jishan Holdings Limited, Falcon Energy Group Limited, Youyue International Limited, Renewable Energy Asia Group Limited, IPC Corporation Limited Viking Offshore and Marine Ltd and Pacific Healthcare Holdings Ltd	Independent Director of, Ocean International Holdings Limited, Kian Ho Bearings Ltd, CMZ Holdings Ltd and Intraco Limited
Chan Sek Nin Jackey	5 Jul 2007/ 29 Apr 2011	Non-Executive Director	Director of Eastern Spark Development Limited and Guangzhou Jiang Nah Property Co., Ltd Chief Operating Officer of Hanny Holdings Limited	Director of Onland Development Limited Independent Non-Executive Director of SMI Corporation Limited

CORPORATE GOVERNANCE STATEMENT

1.6 Board Composition and Guidance (cont'd)

Name of Director	Date of appointment/ Date of last re-election	Functions	Directorships in other listed companies and other major appointments	Past directorships in other listed companies and other major appointments over the preceding three years
Lee Po On Mark	10 Aug 2012/ 26 Apr 2013	Non-Executive Director	Executive Director and Group General Manager of Television Broadcasts Limited	
Goi Kok Ming (Wei Guoming)	10 Aug 2012/ 26 Apr 2013	Non-Executive Director	Executive Director of GSH Corporation Limited Director of Tee Yih Jia Food Manufacturing Pte Ltd, Mandarin Food Pte Ltd, Junhe Investment Pte Ltd, Super Elite Holdings Pte. Ltd., Acelink Logistics Pte Ltd and Desaru Property Development Sdn. Bhd.	

Please also refer to the “Board of Directors” section of the annual report for information relating to the Directors.

The composition of the Board is determined in accordance with the following principles:

- the Board should comprise 8 to 10 Directors. This number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified;
- to form a strong independent element on the Board, it should comprise at least half of non-executive independent Directors;
- the Board should have enough Directors to serve on various committees of the Board without over-burdening the Directors or making it difficult for them to fully discharge their responsibilities;
- the Board should comprise Directors with a broad range of competencies and expertise both nationally and internationally; and
- Directors appointed by the Board are subject to election by shareholders at the following Annual General Meeting (“AGM”) and thereafter, Directors are subject to re-election according to the provisions in the Articles of Association. Article 87 of the Articles of Association of the Company states that one-third of the Directors shall retire from office by rotation with the exception of the Director holding office as Managing Director.

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1.6 Board Composition and Guidance (cont'd)

The Board regularly examines its size and, with a view to determining the impact of its number upon effectiveness, decides on what it considers an appropriate size for itself taking into account the scope and nature of the Company's operations. The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience to enable Management to benefit from a diverse perspective of issues that are brought before the Board. The NC is of the view that the Board comprises Directors capable of exercising objective judgment on the corporate affairs of the Company independently of Management and that no individual or small group of individuals dominate the Board's decision-making process.

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new Director with particular skills and knowledge, the NC, in consultation with the Board, determines the selection criteria for the position based on the skills and knowledge deemed necessary for the Board to best carry out its responsibilities. Candidates may be suggested by Directors or Management or sourced from external sources. The NC will interview the candidates and assess them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out his responsibilities, good decision making track record, relevant experience and financial literacy. The NC will make a recommendation to the Board on the appointment. The Board then appoints the most suitable candidate who must stand for election at the next AGM of shareholders.

Particulars of interests of Directors who held office at the end of the financial year in shares and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Report.

1.7 Independent Members of the Board of Directors

The Board has three (3) Independent Directors, representing at least one-third of the Board: Mr Chee Teck Kwong Patrick, Mr Tao Yeoh Chi and Mr Lien Kait Long. The criteria for independence are based on the definition given in the Code, which considers an Independent Director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view of the best interest of the Company. The independence of each Director is reviewed annually by the NC. Each Independent Director is required to complete a Director's Independence Checklist annually to confirm his independence based on the guidelines as set out in the Code. For FY 2013, the NC has determined that all the three (3) Independent Directors are independent. Although the independent directors of the Company do not make up half of the Board, there is a strong and independent element. Matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board. All major decisions are based on collective decisions without any individual influencing or dominating the decision making process.

CORPORATE GOVERNANCE STATEMENT

1.7 Independent Members of the Board of Directors (cont'd)

Non-executive and Independent Directors of the Board exercise no management functions but have equal responsibility for the performance of the Group, the role of the non-executive and independent directors is particularly important in ensuring that the strategies proposed by the Management are constructively challenged, taking into account the long-term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business. The Independent Directors also help to develop proposals on strategy, policy and review the performance of Management and the Company in meeting agreed goals and objectives and monitor the reporting performance for example review and establish investments, succession planning and business continuity planning policies of the Company.

The non-executive and independent Directors meet periodically without the presence of Management to discuss and facilitate a more effective check on the Management.

1.8 Chairman and Chief Executive Officer

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

There is a distinct separation of responsibilities between the Chairman and the Chief Executive Officer ("CEO"), which ensures that there is an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making at the top of the Company. Dr Allan Yap is the Executive Chairman of the Company. Presently, the Executive Director of the Company is carrying out the duties and responsibilities of the CEO to oversee, plan, direct and control the activities of the Company. The Company will endeavor to source for a suitable candidate to fill the vacancy of the CEO. The Board will appoint a Lead Independent Director.

The Executive Chairman leads the Board and is responsible for the effective working of the Board including:

- scheduling of meetings (with the assistance of the Company Secretary) to enable the Board to perform its duties while not interfering with the flow of the Group's operations;
- approving the meeting agenda of the Board;
- ensuring that Board meetings are held when necessary;
- facilitating contributions from the Non-Executive Directors and encouraging constructive relationships between the Directors;
- exercising control over the quality, quantity and timeliness of information flow from Management to the Board, promoting effective communication with the Company's shareholders;
- ensuring, fostering constructive and effective communication with shareholders; and
- promoting high standards of corporate governance with full support of the Directors and Management.

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1.8 Chairman and Chief Executive Officer (cont'd)

Major proposals and decisions made by the Board are subject to majority approval by the members of the Board and reviewed by the AC, whose members comprise solely Independent and Non-Executive Directors of the Company. Performance and appointment of new members to the Board are reviewed by the NC whilst the remuneration package is being reviewed by the RC. Members of the AC, NC and RC are all Independent and/or Non-Executive Directors. The Board believes that there are sufficiently strong and adequate safeguards to ensure an appropriate balance of power and authority within the spirit of good corporate governance.

1.9 Board Membership

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

In appointing Directors, the Board considers the range of skills and experience required in the light of:

- geographical spread and diversity of the Group's businesses;
- the strategic direction and progress of the Group;
- the current composition of the Board; and
- the need for independence.

The Board has delegated to the NC the functions of developing and maintaining a transparent and formal process for the appointment and re-appointment of Directors, making recommendations for Directors who are due for retirement by rotation to seek re-election at a general meeting and determining the independent status of each Director.

The NC comprises three (3) members, the majority of whom (including the Chairman) are independent – Mr Lien Kait Long (Chairman/Independent Director), Mr Chee Teck Kwong Patrick (Independent Director) and Dr John Chen Seow Phun (Non-Executive Director). The NC Chairman is also a Director who has no relationship with the Company, its related corporations, its 10% shareholders or its officer and is not directly associated⁽¹⁾ with a 10% shareholder.

The principal responsibilities of the NC are set out in the terms of reference and its key functions include:

- reviewing the Board structure, size and composition having regard to the scope and nature of the operations and the core competencies of the directors as a group;
- reviewing, assessing and recommending nominees or candidates for appointment or election to the Board and the various Board Committees;
- assessing the effectiveness and contributions of the Board as a whole;
- assessing the contribution of each individual Director to the effectiveness of the Board, in particular when a Director has multiple board representations and having regard to the Director's contribution and performance;

CORPORATE GOVERNANCE STATEMENT

1.9 Board Membership (cont'd)

- reviewing the independence of the Directors on an annual basis;
- reviewing the performance of the Directors and recommending on the re-election and re-appointments of the Board in the Annual General Meetings;
- conducting a rigorous review and determining whether an Independent Director who has served on the Board for a period of 9 years since his date of appointment, can still remain independent;
- considering the length of term each member should serve;
- deciding a Director is able to and has been adequately carrying out his duties as Director of the Company based on internal guidelines such as attendance, contractibility and responsiveness; and
- reviewing the training and development programmes for the Board.

The Company's Articles of Association provide that, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation. A retiring Director is eligible for re-election by the shareholders of the Company at the AGM, and prior to nominating a retiring Director for re-election, the NC will evaluate the Director's contribution and performance taking into consideration factors such as attendance, preparedness, participation, candour and any other factors as may be determined by the NC.

Besides that, the Board and NC had developed a process of evaluation of performance of the Board and Board Committees and individual Directors through establishment of quantifiable performance criteria.

Despite some of the Directors having multiple Board representations, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company after taking into consideration the number of listed company Board representations and other principal commitments of these Directors. The Board with the recommendation of the NC, decided that the maximum number of the listed company board representation which any Independent Director may hold should not exceed 10. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when they deem appropriate.

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1.9 Board Membership (cont'd)

The NC is also responsible to determine the independence of Directors annually by taking into account the circumstances set forth in Guidelines 2.3 and 2.4 of the Code and any other salient factors. In considering the independence of an Independent Director who has served on the Board for more than 9 years, the NC has taken into consideration the following factors:-

- (i) There was a change of the composition of the Executive Directors and Management in 2012;
- (ii) The extensive knowledge and experience contributed by the Independent Directors to the Company;
- (iii) The attendance, preparedness, participation and contribution in the meetings of the Board and Board Committees;
- (iv) Provision of continuity and stability to the new Management at the Board level by facilitating smooth communication between old and new Management;
- (v) Provision of reasonable checks and balances for the Management;
- (vi) The Independent Directors have devoted adequate attention and sufficient time to the affairs of the Group; and
- (vii) The Independent Directors provide overall guidance to Management and acts as safeguard for the protection of Company's assets and shareholders' interests.

Based on the above, the NC is satisfied that Mr Tao Yeoh Chi, Mr Lien Kait Long and Mr Chee Teck Kwong Patrick being Independent Directors having served on the Board beyond 9 years are considered independent. They will abstain from voting on any resolution related to their re-election.

The Board has accepted the NC's nomination of the retiring Directors, who have given their consent for re-election at the forthcoming AGM of the Company. The retiring Directors are Dr Allan Yap, Mr Tao Yeoh Chi and Mr Chan Sek Nin Jacky who will retire pursuant Article 87 of the Articles of Association of the Company.

The NC held one (1) meeting during the financial year. The number of meeting attended by each member of the NC is as follows:

Name of Director	Appointment	Number of Meeting attended
Lien Kait Long (Chairman)	Non-Executive/Independent	1
Chee Teck Kwong Patrick	Non-Executive/Independent	1
John Chen Seow Phun	Non-Executive	1

Note:

- ⁽¹⁾ Under the Code, a Director would be considered to be "directly associated" with a 10% shareholder when the Director is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the 10% shareholder in relation to the corporate affairs of the corporation. A Director will not be considered "directly associated" with a 10% shareholder by reason only of his or her appointment having been proposed by that 10% shareholder.

CORPORATE GOVERNANCE STATEMENT

1.10 Board Performance

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

We believe that Board performance is ultimately reflected in the performance of the Group and the Company. The Board should ensure compliance with applicable laws and Board members should act in good faith, with due diligence and care in the best interest of the Group and the shareholders. In addition to these fiduciary duties, the Board is charged with two key responsibilities of setting strategic direction and ensuring that the Group is ably led. The Board, through the delegation of its authority to the NC, will review the Board's composition annually to ensure that the Board has the appropriate mix of expertise and experience to lead the Group.

The Board has an annual performance evaluation process, carried out by the NC, to assess the effectiveness of the Board, Board Committees and each Director's contributions. This annual assessment process consists principally of evaluation by and feedback from each Director.

The NC uses an objective performance criteria to conduct Board assessments via the circulation of assessment forms to the Directors annually for their evaluation of various Board issues and processes such as the Board structure, conduct of Board meetings, review of the Company's corporate strategy and planning, ensuring and reviewing the Company's risk management and internal control processes, review of the Company's performance, review of the Board's compensation evaluations and communication with the Company's shareholders.

In line with the Code, the NC had also implemented a process to be carried out by the NC to assess the effectiveness of the Board Committees annually. The NC has recommended that the members of the respective Board Committees complete the evaluation form adopted by the NC. The results of the Board and Board Committees assessments are reviewed and discussed by the NC and, any recommendation and suggestion arising from the evaluation exercise are circulated to the Board for consideration of the appropriate measures to be taken.

The individual Director's assessments implemented by the NC are based on the Director's self-assessment which is evaluated annually and informally on a continual basis by the NC and the Chairman. The criteria taken into consideration by the NC and the Chairman include contribution and performance based on factors such as attendance, preparedness and participation. The evaluations are discussed by the NC and any appropriate action taken. Such assessments by the Directors are useful and constructive and this collective process has provided an opportunity to obtain insightful feedback from each Director on suggestions to enhance the effectiveness of the Board and has helped Directors to be more focused on their duties, responsibilities and contributions to the effectiveness of the Board.

Selected performance criteria will not change from year to year unless they are deemed necessary and the Board is able to justify the changes.

The financial indicators set out in the Code for the evaluation of Directors are in our opinion more of a measure of Management's performance and hence, less applicable to Directors. Moreover, the financial indicators provide snapshots of the Group's performance and do not reflect a complete measure of long-term creation of shareholders' wealth.

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1.11 Access to Information

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

Directors receive a regular supply of information from Management about the Group so that they are equipped to play as full a part as possible in the meetings. As a general rule, detailed Board papers prepared for each meeting are normally circulated in advance to all Directors prior to the scheduled meetings. This is to give Directors sufficient time to review and consider the matters to be discussed so that discussion can be more meaningful and productive. The Board papers provided include background or explanatory information relating to matters to be brought before the Board. A presentation is made to the Directors at the Board meeting on budgets, forecasts and variances from the budget disclosed. Occasionally, external consultants engaged on specific projects may also be invited to brief the Board. The Board and Board Committees have unfettered access to information which the Company is in possession of or has access to, for the purpose of carrying out their responsibilities.

All Directors have separate and independent access to the advice and services of the Company Secretary and Management at all times. The Company Secretary or at least one of his representative attends the Board and Board Committee meetings and assists the Chairman of the Board and Board Committee meetings in ensuring that the appropriate procedures are followed and that applicable rules and regulations are complied with as well as ensuring good information flow within the Board and its committees, between Management and the Non-Executive Directors, facilitating orientation and assisting with professional development as required. The Company Secretary and Management also facilitate the orientation of new Directors and professional development of Directors as required. The appointment and removal of the Company Secretary is a matter which is approved by the Board.

Each Director has the right, at the Company's expense, to seek independent legal and other professional advice concerning any aspect of the Group's operations or undertakings when necessary in order to discharge their duties and responsibilities, as Directors.

2 REMUNERATION MATTERS

2.1 Procedure for Developing Remuneration Policies

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

The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and attract, retain and motivate Directors and key management personnel.

The RC comprises solely of Non-Executive Directors, the majority of whom, including the Chairman, are independent, the three (3) members of RC are namely, Mr Tao Yeoh Chi (Chairman/Independent Director), Mr Chee Teck Kwong Patrick (Independent Director) and Dr John Chen Seow Phun (Non-Executive Director).

CORPORATE GOVERNANCE STATEMENT

2.1 Procedure for Developing Remuneration Policies (cont'd)

The principal responsibilities of the RC are set out in the terms of reference and its key functions include:

- reviewing and recommending to the Board a general framework of remuneration for the Board and key management personnel (including the CEO and other persons having authority and responsibility for planning, directing and controlling activities of the Company and Group), and the specific remuneration packages and terms of employment (where applicable) for each Director as well as key management personnel. The RC's recommendations should covers all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;
- functioning as the committee to administer Hanwell Executive' Share Option Schemes or any long term incentive schemes which may be set up from time to time;
- carrying out its duties in the manner that it deem expedient. Subject always to any regulations or restriction that may be imposed upon the RC by the Board from time to time; and
- ensuring that all aspects of remuneration are covered, taking into consideration Principle 8 of the Code. The remuneration packages of employees related to Executive Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and are commensurate with their respective job scopes and levels of responsibility.

The RC meets at least once each year and at other times as required. During the financial year, the RC held two (2) meetings. The number of meetings attended by each member during the financial year is as follows:

Name of Director	Appointment	Number of Meeting attended
Tao Yeoh Chi (Chairman)	Non-Executive/Independent	2
Chee Teck Kwong Patrick	Non-Executive/Independent	2
John Chen Seow Phun	Non-Executive	2

The RC is responsible for recommending to the Board a framework of remuneration for the Directors and key management personnel which is submitted to the whole Board for endorsement. The RC reviews and approves recommendations on remuneration policies and packages for Directors and key management personnel in the interests of improved corporate performance.

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2.1 Procedure for Developing Remuneration Policies (cont'd)

The RC's review of remuneration packages takes into consideration the long term interests of the Group and ensures that the interests of the Directors align with that of the shareholders. The review covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, profit sharing (where applicable) and benefits-in-kind.

In setting out the remuneration packages, the RC would take into consideration pay and employment conditions within the industry and in comparable companies. The remuneration packages should take into account the Company's relative performance and the performance of the individual Directors and key management personnel.

The RC's recommendations are submitted to the entire Board. Each member of the RC shall abstain from voting on any resolution concerning his own remuneration.

The Directors' fees to be paid for any one year are submitted for shareholders' approval at the AGM.

2.2 Level and Mix of Remuneration

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

The remuneration packages of the Executive Directors are determined based on the framework recommended by the RC. In doing so, the RC reviews the length of the fixed appointment period, the notice period for termination and the terms of the compensation package in the event of the termination of any Executive Directors' service agreements to ensure that the terms of such clauses are not onerous to the Company. The Executive Directors' framework of remuneration includes a fixed element as well as a variable element in the form of a bonus and a profit sharing incentive which is linked to the Company's performance. In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individuals.

All Non-Executive Directors and Independent Directors are paid Directors' fees, with additional fees paid for serving as the Chairman or members of Board Committees as well as attendance at Board and Board Committee meetings. These fees are recommended by the RC and submitted to the Board for endorsement. Directors' fees are recommended by the Board for approval at the Company's Annual General Meeting. The remuneration of Non-Executive Directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors. Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised and no director is involved in deciding his own remuneration.

The Executive Directors do not receive Directors' fees. The remuneration packages of the Executive Directors and the key management personnel comprise primarily a basic salary component and a variable component which is the bonuses and other benefits. The service agreements entered into with the two (2) Executive Directors, namely Dr Allan Yap and Madam Tang Cheuk Chee are for a period of 3 years. These service agreements are subject to review by the RC and provide for termination by either party giving to other not less than 6 months' prior written notice.

CORPORATE GOVERNANCE STATEMENT

2.2 Level and Mix of Remuneration (cont'd)

The existing Hanwell Executives' Share Option Scheme (the "Scheme") granted on 8 July 2003 has expired on 8 July 2013. However, the expiry of the Scheme will not affect any option granted and duly accepted but not yet exercised, whether in whole or in part by the Directors or the employees of the Group. The share options previously granted will expired on 21 January 2019. The Company is currently exploring a suitable incentive plan/scheme. The new incentive plan/scheme will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty.

2.3 Disclosure on Remuneration

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

Summary compensation table of the Directors receiving remuneration from the Group for the financial year ended 31 December 2013:

Directors	Base Salary (%)	Bonus (%)	Profit Sharing (%)	Director's Fee ⁽³⁾ (%)	Allowance ⁽²⁾ (%)	Share Options (%)	TOTAL (\$)
Allan Yap	58.04	12.15	23.30	-	1.17	5.34	1,498,000
Tang Cheuk Chee	66.30	9.62	19.78	-	4.30	-	636,000
John Chen Seow Phun	-	-	-	100.00 ⁽¹⁾	-	-	139,000
Chee Teck Kwong Patrick	-	-	-	100.00 ⁽¹⁾	-	-	143,000
Tao Yeoh Chi	-	-	-	100.00	-	-	74,000
Lien Kait Long	-	-	-	100.00 ⁽¹⁾	-	-	133,000
Chan Sek Nin Jackey	-	-	-	100.00	-	-	42,000
Lee Po On Mark	-	-	-	100.00	-	-	37,000
Goi Kok Ming (Wei Guoming)	-	-	-	100.00	-	-	43,000

⁽¹⁾ Directors' Fee from the Group.

⁽²⁾ Employer's CPF contribution is included here.

⁽³⁾ Director's Fee is subject to the approval of the shareholders at the forthcoming AGM.

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2.4 Remuneration of Employees Related to Directors

As at 31 December 2013, there is an employee who is related to Madam Tang Cheuk Chee, the Executive Director of the Company. The said employee is the Assistant Vice President of a subsidiary of the Company and his remuneration is reviewed by the RC. Madam Tang Cheuk Chee is abstained from all matters relating to the remuneration of this employee. The basis of determining the remuneration of this related employee is the same as the basis of determining the remuneration of other unrelated employees.

Summary compensation table of the employee who is related to the Directors for the financial year ended 31 December 2013:

Remuneration Band	Base Salary (%)	Bonus (%)	Profit Sharing (%)	Director's Fee (%)	Allowance ⁽¹⁾ (%)	Share Options (%)	TOTAL (%)
Range \$150,001 to \$200,000 Tang Chi Ming Danny (Brother of Madam Tang Cheuk Chee, the Executive Director and brother-in-law of Dr Allan Yap, the Executive Chairman)	79.61	8.29	-	-	12.10	-	100.00

⁽¹⁾ Employer's CPF contribution is included here.

2.5 Remuneration of Top 5 Key Management Personnel

Disclosure of the top 5 key management personnel remuneration (who are not directors or the CEO) in bands of \$250,000 (based on gross remuneration received) is set out below:

Key Management Personnel	Base Salary (%)	Bonus (%)	Profit Sharing (%)	Director's Fee (%)	Allowance ⁽²⁾ (%)	Share Options (%)	TOTAL (%)
Range \$250,001 and \$500,000							
Yeo See Liang Eugene	42.86 ⁽³⁾	13.30	25.71	4.31 ⁽¹⁾	11.97	1.85	100.00
Range \$250,000 and below							
Ho Shau Foong (resigned 09/01/2013)	82.28	-	-	-	17.72	-	100.00
Erny Rusly (resigned 07/04/2013)	88.74	-	-	-	11.26	-	100.00
Chang Wai Leng	82.19	12.39	-	-	5.42	-	100.00
Wong Yuen May Sandy	82.18	8.56	-	-	9.26	-	100.00
So Yin Hing Carmen (resigned 22/01/2014)	99.09	-	-	-	0.91	-	100.00
Sim See Hiang Richard	62.18 ⁽³⁾	15.44	5.35	1.80 ⁽¹⁾	15.23	-	100.00
Tang Chi Ming Danny	79.61 ⁽³⁾	8.29	-	-	12.10	-	100.00

CORPORATE GOVERNANCE STATEMENT

2.5 Remuneration of Top 5 Key Management Personnel (cont'd)

The aggregate total remuneration paid to the top five key management personnel (who are not directors or the CEO) for the year ended 31 December 2013 is approximately S\$1,141,855.92

⁽¹⁾ Director's Fee from the Group.

⁽²⁾ Employer's CPF contribution is included here.

⁽³⁾ Remuneration from a subsidiary.

The Company adopts a remuneration policy for staff comprising both a fixed and variable component. The fixed component is in the form of a base salary and allowances. The variable component is in the form of a variable bonus that is linked to the Company and each individual's performance.

3 ACCOUNTABILITY AND AUDIT

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

The Board aims to provide the shareholders with a balanced and understandable assessment of the Company's and the Group's performance, position and prospects.

In line with the SGX Listing Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements. For the financial year under review, the Executive Director and Group Financial Controller have provided assurance to the Board on the integrity of the Group's financial statements.

The Board provides to shareholders, on a quarterly basis, the financial statements of the Company and the Group for the first, second and third quarters of the year and for the full year, as applicable, together with a balanced review of the Company's performance, position and prospects. These financial reports and other price-sensitive information are disseminated to shareholders through announcements via SGXNET and posted on the Company's website. The Company's Annual Report is sent to all shareholders and which is also accessible from the Company's website.

The Management provides the Board with financial updates on the performance and position of the Group to keep Board members informed and updated on a monthly basis in order that it may effectively discharge its duties. The Board is also updated from time to time on any significant events that have occurred or material to the Group during the year.

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3.1 Risk Management and Internal Controls

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

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

The AC will:

- satisfy itself that adequate measures are in place to identify and mitigate any material business risks associated with the Group;
- ensure that a review of the effectiveness of the Group's material internal controls, including financial, operating and compliance controls and risk management, is conducted at least annually. Such reviews can be carried out by internal auditors/external auditors;
- ensure that the internal control recommendations made by internal and external auditors have been implemented by the Management; and
- ensure the Board is in a position to comment on the adequacy of the risk management and internal controls of the Group.

The Group has in place a Risk Management Committee ("RMC") which is chaired by an Independent Director and members comprising an Executive Director and Management to assist the Board in its oversight of risk governance and risk management of the Group. The RMC performs its functions in accordance to the terms of reference.

An Enterprise Risk Management ("ERM") programme has been implemented to identify, prioritise, assess, manage and monitor key risks. The risk management process in place covers, inter alia, financial, operational and compliance risks faced by the Group. The Group has engaged KPMG Services Pte. Ltd. to assist in enhancing the ERM programme over the identification, prioritisation, assessment, management and monitoring of key risks. The key risks identified are deliberated by Management, and going forward, will be reported to the RMC on a quarterly basis or such other period as may be determined by RMC. The RMC reviews the adequacy and effectiveness of the ERM programme against leading industry practices and significant risks vis-à-vis changes in the operating environment.

Complementing the ERM programme is a Group-wide system of internal controls, which includes the Code of Conduct, documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and-balances built into the business processes.

CORPORATE GOVERNANCE STATEMENT

3.1 Risk Management and Internal Controls (cont'd)

To ensure that risk management and internal controls processes are adequate and effective, the AC has access to independent professional service providers. The assistance of the internal and external auditors enabled the AC to carry out assessments of the effectiveness of key internal controls during the year. Any material non-compliance or weaknesses in internal controls or recommendations from the internal and external auditors to further improve the internal controls were reported to the AC. The AC will also follow up on the actions taken by the Management on the recommendations made by the internal and external auditors.

For FY2013, the Board has received assurances from the Executive Chairman, the Executive Director, the Group Financial Controller Officer of the Company that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the Group's risk management and internal control systems are sufficiently.

Material associates and joint ventures which the Company does not control are not dealt with for the purpose of this statement.

Based on the internal control weaknesses noted during the course of audit by the internal and external auditors and their recommendation, the various management controls put in place and the reports from the internal and external auditors, the Board, with the concurrence of the AC is of the opinion that the internal controls maintained by the Group in addressing critical and significant risks relating to financial, operational and compliance risks and information technology are adequate and effective as at 31 December 2013.

The Board will also continue to enhance and improve the existing internal control framework to identify and mitigate these risks. The AC will also commission an annual internal audit to satisfy itself that the Group's internal controls are robust and effective enough to address any significant internal control weaknesses that may arise.

3.2 Audit Committee

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

The AC comprises four (4) members, all of whom are Non-Executive Directors and the majority of whom, including the Chairman, are independent. The AC's members are namely, Mr Chee Teck Kwong Patrick (Chairman/Independent Director), Mr Tao Yeoh Chi (Independent Director), Dr John Chen Seow Phun (Non-Executive Director) and Mr Lien Kait Long (Independent Director). At least two (2) members have relevant accounting or financial management expertise or experience.

The AC's main objective is to assist the Board in fulfilling its fiduciary responsibilities relating to internal controls, overseeing the external audit process, reviewing the financial information to be disclosed to the public and ensuring that arrangements are in place for the independent investigation and follow up of reports by staff of improprieties in financial reporting and other matters. To achieve this, the AC ensures that its members have the appropriate qualifications to provide independent, objective and effective oversight.

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3.2 Audit Committee (cont'd)

The principal responsibilities of the AC are set out in the terms of reference and its key functions include:

- (a) reviewing the audit plans of the external and internal auditors;
- (b) reviewing the external and internal auditors' reports;
- (c) reviewing the co-operation given by the Company's officers to the external and internal auditors;
- (d) reviewing the adequacy of the internal audit function;
- (e) evaluating the effectiveness of the Group's system of internal controls, including financial, operational and compliance controls, and risk management, by reviewing written reports from internal and external auditors, and Management responses and actions to correct any deficiencies;
- (f) reviewing the financial statements of the Company and the Group before their submission to the Board;
- (g) reviewing non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors;
- (h) nominating external auditors for appointment or re-appointment and approve the remuneration and terms of engagement of the external auditor;
- (i) reviewing the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual issued by SGX-ST, and by such amendments made thereto from time to time;
- (j) reviewing interested person transactions (as defined in Chapter 9 of the Listing Manual issued by SGX-ST) to ensure that they are on normal commercial terms and arms' length basis and not prejudicial to the interests of the Company or its shareholders in any way; and
- (k) reviewing whistleblowing policy and arrangements.

Apart from the duties listed above, the AC may commission and review the findings of internal investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore or other applicable law, rule or regulation which has or is likely to have material impact on the Company's or Group's operating results and/or financial position.

The AC meets from time to time with the Group's external and internal auditors and the executive management to review accounting, auditing and financial reporting matters so as to provide the necessary checks and balances to ensure that an effective control environment is maintained in the Group. The AC also studies proposed changes in accounting policies, examines the internal audit functions and discusses the accounting implications of major transactions. Furthermore, the AC advises the Board regarding the adequacy of the Group's internal controls and the contents and presentation of its interim and annual reports. Based on the information provided to the AC, nothing has come to the AC's attention indicating that the system of internal controls and risk management is inadequate.

The AC has explicit authority to investigate any matter within its terms of reference and has full access to and co-operation of Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The AC meets annually with the internal auditors and the external auditors, without the presence of the Company's Management to review the adequacy of audit arrangements, with particular emphasis on the scope and quality of their audits, and the independence and objectivity of the internal and external auditors. The AC has recommended the re-appointment of KPMG LLP as external auditors at the forthcoming AGM of the Company.

CORPORATE GOVERNANCE STATEMENT

3.2 Audit Committee (cont'd)

The AC, had reviewed all the non-audit services provided by the external auditors to the Group and confirmed that such services would not, in its opinion prejudice the independence and objectivity of the external auditors. The fees that are charged to the Group by the external auditors for audit and non-audit services were approximately S\$386,100 and S\$46,774 respectively for the financial year ended 31 December 2013.

The AC is satisfied that KPMG LLP is able to meet the audit requirements and statutory obligation of the Company. In view of their requisite qualification and independence status, the AC is satisfied that Rule 712 of the Listing Manual of SGX-ST is complied with. Accordingly, KPMG LLP is recommended for re-appointment at the forthcoming AGM.

The AC has also noted that in appointing the audit firms for the Company, its subsidiaries and significant associates, the Audit Committee is satisfied that the appointment of auditors did not compromise the standard and effectiveness of the audit of the Group. Therefore, the Company has complied with the Rules 715 and 716 of the Listing Manual of the SGX-ST

In October 2008, the Audit Committee Guidance Committee issued the Guidebook for Audit Committees in Singapore. SGX-ST has distributed the Guidebook to all members of the Board. Where appropriate, the AC will adopt relevant best practices set out in the Guidebook, which will be used as references to assist the AC in performing its functions.

During the financial year, the AC held five (5) meetings. The number of meetings attended by each member during the financial year is as follows:

Name of Director	Appointment	Number of Meeting attended
Chee Teck Kwong Patrick (Chairman)	Non-Executive/Independent	5
Tao Yeoh Chi	Non-Executive/Independent	5
John Chen Seow Phun	Non-Executive	5
Lien Kait Long	Non-Executive/Independent	5

3.3 Whistle-Blowing Policy

The Group has adopted a constructive whistle-blowing policy and guideline in order to detect and deter any fraud or deliberate error in the preparation, evaluation, review or audit of any financial statements, financial reports and records of the Company.

Demonstrating its pledge to good corporate governance, the Group provides an avenue for employees to raise their concerns to report any possible improprieties in matters of financial reporting or other matters that they may encounter to the AC or any other committees established by the AC for such purpose without fear of reprisal. The establishment of the whistle-blowing structure also augments the Group's ability to detect potential fraud, providing another level of comfort and assurance to investors.

3.4 Internal Audit

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

The Group has an in-house internal audit function ("Internal Audit") that is independent of the activities it audits. The Internal Audit serves to provide the Board and Management with an independent appraisal of the reliability, adequacy and effectiveness of the internal controls established by Management. Its aim is to promote internal control in the Group and to monitor the performance and the effective application of internal audit procedures. It supports the Directors in assessing key internal controls through a structured review programmed. The Internal Audit has unfettered access to the Board, the AC and Management, where necessary, and has the right to seek information and explanations. It is staffed by executives with the relevant qualifications and experience and are expected to meet or exceed the standard set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The Internal Audit reports functionally to the Chairman of the AC. The AC ensures that the Internal Audit has adequate resources and has appropriate standing within the Group. The AC, on an annual basis, assesses the effectiveness of the internal auditors by examining:

- the scope of the internal auditors' work;
- the quality of the reports;
- the relationship with the external auditors; and
- the independence of the areas reviewed.

During the year, the Internal Audit's summary of key audit findings, recommendations and Management's related responses were discussed in the AC meetings. The AC ensures that procedures are in place to follow up on the recommendations by Internal Audit in a timely manner and to monitor any outstanding issues. The AC has reviewed the annual internal audit plan FY2013 and is satisfied that the Internal Audit has been adequately carried out.

4 SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS AND RESPONSIBILITIES – SHAREHOLDER RIGHTS, COMMUNICATION WITH SHAREHOLDERS AND CONDUCT OF SHAREHOLDER MEETINGS

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

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

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

CORPORATE GOVERNANCE STATEMENT

4 SHAREHOLDER RIGHTS AND RESPONSIBILITIES (cont'd)

In line with the continuous disclosure obligations of the Company pursuant to the Listing Manual of SGX-ST, the Company is committed that all shareholders should be equally informed of all major developments of the Group which would be likely to materially affect the price or value of the Company's shares.

The Company does not practice selective disclosure as all material and price-sensitive information is released through SGXNET and the Company recognises that regular, effective, timely and fair communication with shareholders is essential to enable its shareholders to make informed decisions about the Company.

The information is disseminated to shareholders of the Company on a timely basis through:

- annual reports that are prepared and sent to all shareholders. The Board ensures that the annual report includes all relevant information about the Company and the Group, including future developments and other disclosures required by the Singapore Companies Act and Singapore Financial Reporting Standards;
- quarterly announcements containing a summary of the financial information and affairs of the Group for that period;
- notices of and explanatory memoranda for AGMs and Extraordinary General Meetings;
- press releases on major developments of the Company and the Group;
- disclosure to the SGX-ST; and
- the Company's website at <http://www.hanwell.com.sg> at which our shareholders can access information on the Group.

Moreover, our shareholders are encouraged to attend the AGM to ensure a high level of accountability and to be updated on the Company's strategies and goals. The Company's Articles allow a shareholder to appoint up to 2 proxies to attend a shareholder's meeting on his behalf. The notice of the AGM is sent to our shareholders, together with explanatory notes, appendices or a circular on items of special business, at least 14 days before the meeting. The Chairmen of the AC, NC and RC are normally present and available to address questions relating to the work of their respective committees at general meetings. Furthermore, the external auditors are present to assist our Board in addressing any relevant queries by our shareholders.

Every matter requiring shareholders' approval is proposed as a separate resolution at the general meeting to address each distinct issue and all the resolutions to vote by poll and the Company announced the details results showing the number of votes cast for and against each resolution and the respective percentages to public.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. These minutes are available to shareholders upon their request.

The Company does not have a policy on payment of dividends. The issue of payment of dividend is deliberated by the Board annually having regard to various factors.

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5 DEALINGS IN SECURITIES

In compliance with Rule 1207(19) of the Listing Manual of the SGX-ST, the Company has adopted its own internal Code of Conduct to provide guidance to all officers of the Company and its subsidiaries with regard to dealings in the Company's securities.

The Directors and executives of the Company and of the Group are advised, and periodically reminded, not to deal in the Company's shares for the period commencing one month before the Company's announcement of financial results for the year and for the period of two weeks before the announcement of the Company's quarterly results during the year ("close window period"). The Company will notify Directors and employees of the commencement date for each close window period.

The Company has also issued a policy on Insider Trading to all employees which sets out the principles of relevant laws relating to insider trading which are applicable at all times.

Directors and executives are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period and they are not to deal in the Company's securities on short-term considerations.

6 INTERESTED PERSON TRANSACTIONS

The Company is required to comply with the requisite rules under Chapter 9 of the Listing Manual issued by SGX-ST for interested person transactions. To ensure compliance with Chapter 9, the AC meets quarterly to review if the Company will be entering into an interested person transaction in order to ensure that the interested person transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the shareholders. Save as disclosed in the audited financial statements of this Annual Report, there are no interested person transactions for the financial year ended 31 December 2013.

7 MATERIAL CONTRACTS

Save as disclosed in the audited financial statements of this Annual Report, there are no material contracts of the Company or its subsidiaries involving the interests of the Directors or controlling shareholders subsisting at the end of the financial year ended 31 December 2013 or have been entered into since the end of the previous financial year.

DIRECTORS' REPORT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2013.

Directors

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

Allan Yap
Tang Cheuk Chee
Chee Teck Kwong Patrick
Tao Yeoh Chi
John Chen Seow Phun
Lien Kait Long
Chan Sek Nin Jackey
Goi Kok Ming (Wei Guoming)
Lee Po On Mark

Directors' interests

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

	Holdings at beginning of the year	Holdings at end of the year
Name of director and corporation in which interests are held		
Allan Yap		
The Company		
- ordinary shares	97,947,500*	98,947,500*
- options to subscribe for ordinary shares between 20/08/2004 and 19/08/2013	1,000,000	—
- options to subscribe for ordinary shares between 22/01/2010 and 21/01/2019	10,000,000	10,000,000

* Allan Yap has a direct and deemed interest of 1,000,000 and 97,947,500 shares held by his spouse, Tang Cheuk Chee in the capital of the Company respectively.

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Directors' interests (cont'd)

	Holdings at beginning of the year	Holdings at end of the year
Name of director and corporation in which interests are held		
Tang Cheuk Chee		
The Company		
- ordinary shares	97,947,500*	98,947,500*
Lien Kait Long		
The Company		
- ordinary shares	5,530	5,530
Chan Sek Nin Jackey		
The Company		
- options to subscribe for ordinary shares between 22/01/2010 and 21/01/2014	500,000	500,000 [#]

* Tang Cheuk Chee has a direct and deemed interest of 49,449,500 and 48,498,000 shares collectively held by Sino Diamond International Co. Ltd and Widelead International Limited and 1,000,000 shares held by her spouse, Allan Yap in the capital of the Company respectively.

As at 21 January 2014, Chan Sek Nin Jackey has exercised his 500,000 share options. Except as disclosed, there were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2014.

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

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

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 32 to the financial statements, since the end of the last financial year, no director 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 he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' REPORT

Share options

The Hanwell Executives' Share Option Scheme (the "Scheme") of the Company was approved and adopted by its members at an Extraordinary General Meeting ("EGM") held on 8 July 2003. The Scheme is administered by the Company's Remuneration Committee, comprising three directors, Tao Yeoh Chi (Chairman), Chee Teck Kwong Patrick and John Chen Seow Phun.

The Scheme has expired on 8 July 2013 and the expiry of the Scheme will not affect any option granted and duly accepted but yet exercised, whether in whole or in part by the Directors or the employees of the Group. The share options previously granted will expire on 21 January 2019.

At the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of the Company, are as follows:

Date of grant of options	Exercise price of the option	Options outstanding at 01/01/2013	Options exercised	Options cancelled	Options outstanding at 31/12/2013	Number of option holders at 31/12/2013	Exercise period
20/08/2003	\$0.22	1,100,000	(1,100,000)	–	–	–	20/08/2004 – 19/08/2013
22/01/2009	\$0.16	10,200,000	–	–	10,200,000	3	22/01/2010 – 21/01/2019
22/01/2009	\$0.16	500,000	–	–	500,000	1	22/01/2010 – 21/01/2014
		11,800,000	(1,100,000)	–	10,700,000		

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

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Share options (cont'd)

Details of options granted to directors of the Company under the Scheme are as follows:

Name of director	Options granted for financial year ended 31 December 2013	Aggregate options granted since commencement of Scheme to 31 December 2013	Aggregate options exercised since commencement of Scheme to 31 December 2013	Aggregate options expired since commencement of Scheme to 31 December 2013	Aggregate options outstanding as at 31 December 2013
Allan Yap	–	11,000,000	(1,000,000)	–	10,000,000
Chee Teck Kwong Patrick	–	1,000,000	(800,000)	(200,000)	–
Tao Yeoh Chi	–	800,000	(600,000)	(200,000)	–
John Chen Seow Phun	–	1,400,000	(1,000,000)	(400,000)	–
Lien Kait Long	–	500,000	(500,000)	–	–
Chan Sek Nin Jackey	–	500,000	–	–	500,000
Total	–	15,200,000	(3,900,000)	(800,000)	10,500,000

Since the commencement of the Scheme, no options have been granted to the controlling shareholders of the Company or their associates and no participant under the Scheme has been granted 5% or more of the total options available under the Scheme.

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

Audit Committee

The members of the Audit Committee ("AC") during the year and at the date of this report are:

- Chee Teck Kwong Patrick (Chairman), non-executive independent director
- Tao Yeoh Chi, non-executive independent director
- Lien Kait Long, non-executive independent director
- John Chen Seow Phun, non-executive director

The AC performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The AC has held 5 meetings since the last directors' report. In performing its functions, the AC met with the Company's external and internal auditors to discuss the scope of their work, the results of their respective examinations and evaluation of the Company's internal accounting control system.

DIRECTORS' REPORT

Audit Committee (cont'd)

The AC also reviewed the following:

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

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

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

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

Auditors

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

On behalf of the Board of Directors

Allan Yap

Director

Tang Cheuk Chee

Director

28 March 2014

64 STATEMENT BY DIRECTORS

In our opinion:

- (a) the financial statements set out on pages 67 to 148 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 2013 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors

Allan Yap
Director

Tang Cheuk Chee
Director

28 March 2014

INDEPENDENT AUDITORS' REPORT

Members of the Company
Hanwell Holdings Limited

Report on the financial statements

We have audited the accompanying financial statements of Hanwell Holdings Limited (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2013, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 67 to 148.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

66 INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2013 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

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

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

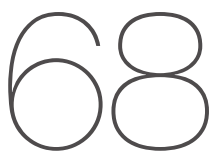
28 March 2014

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2013

	Note	Group		Company	
		2013 \$	2012 \$	2013 \$	2012 \$
Assets					
Property, plant and equipment	4	74,425,025	70,110,583	11,627,364	13,050,180
Intangible assets	5	1,139,382	1,070,463	–	–
Investment properties	6	1,096,354	1,163,213	–	–
Subsidiaries	7	–	–	42,161,265	43,847,431
Loan to a subsidiary	7	–	–	3,500,000	6,500,000
Associates	8	–	44,928,937	–	–
Other financial assets	9	5,030,125	4,318,846	4,294,125	3,774,846
Deferred tax assets	10	1,794,643	891,506	–	–
Non-current assets		83,485,529	122,483,548	61,582,754	67,172,457
Inventories	11	40,458,882	33,888,590	6,437,834	4,066,961
Trade and other receivables	12	147,362,574	126,311,574	80,310,940	88,488,001
Other financial assets	9	4,969,174	3,663,195	4,969,174	3,663,195
Cash and cash equivalents	15	118,860,961	110,397,869	68,428,261	57,073,667
Assets held for sale	16	47,045,667	11,520,000	–	–
Current assets		358,697,258	285,781,228	160,146,209	153,291,824
Total assets		442,182,787	408,264,776	221,728,963	220,464,281
Equity					
Share capital	17	200,001,493	200,968,831	200,001,493	200,968,831
Reserves	17	56,433,972	44,402,501	(840,644)	(1,191,656)
Equity attributable to owners of the Company		256,435,465	245,371,332	199,160,849	199,777,175
Non-controlling interests		40,953,385	34,778,251	–	–
Total equity		297,388,850	280,149,583	199,160,849	199,777,175
Liabilities					
Loans and borrowings	18	2,493,734	3,590,717	–	–
Deferred income	21	1,174,811	1,211,566	–	–
Deferred tax liabilities	10	2,071,039	2,730,065	–	396,677
Non-current liabilities		5,739,584	7,532,348	–	396,677
Loans and borrowings	18	37,172,733	36,672,876	–	–
Trade and other payables	22	99,960,707	82,019,863	22,568,114	20,290,429
Deferred income	21	110,238	105,788	–	–
Current tax liabilities		1,810,675	1,784,318	–	–
Current liabilities		139,054,353	120,582,845	22,568,114	20,290,429
Total liabilities		144,793,937	128,115,193	22,568,114	20,687,106
Total equity and liabilities		442,182,787	408,264,776	221,728,963	220,464,281

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



CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2013

	Note	2013 \$	2012 \$
Revenue	23	403,315,561	378,504,330
Cost of sales		(317,330,741)	(303,217,294)
Gross profit		85,984,820	75,287,036
Other income		2,128,496	3,789,810
Distribution expenses		(42,754,746)	(41,258,439)
Administrative expenses		(29,664,310)	(30,254,432)
Other expenses		(708,561)	(14,951,331)
Results from operating activities		14,985,699	(7,387,356)
Finance income		3,389,203	3,692,046
Finance costs		(2,343,130)	(12,442,885)
Net finance income/(costs)	25	1,046,073	(8,750,839)
Share of losses of associates (net of tax)		(768,765)	(6,729,378)
Profit/(Loss) before tax		15,263,007	(22,867,573)
Tax expense	26	(3,615,415)	(2,545,717)
Profit/(Loss) for the year	24	11,647,592	(25,413,290)
Profit/(Loss) attributable to:			
Owners of the Company		6,638,375	(27,224,728)
Non-controlling interests		5,009,217	1,811,438
Profit/(Loss) for the year		11,647,592	(25,413,290)
Earnings per share			
Basic earnings per share (cents)	27	1.20	(4.90)
Diluted earnings per share (cents)	27	1.19	(4.90)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	2013 \$	2012 \$
Profit/(Loss) for the year	11,647,592	(25,413,290)
Other comprehensive income – items that are or may be reclassified subsequently to profit or loss		
Foreign currency translation differences of foreign operations	3,656,803	(4,949,805)
Share of foreign currency translation differences of associates	2,885,497	4,065
Reserves of an associate reclassified to profit or loss on reclassification to available-for-sale investment	–	(1,337,498)
Reserves of an associate transferred to profit or loss on disposal	–	1,216,258
Net change in fair value of available-for-sale financial assets	620,083	607,431
Share of other reserve movement of an associate	–	(35,097)
Other comprehensive income for the year, net of tax	7,162,383	(4,494,646)
Total comprehensive income for the year	18,809,975	(29,907,936)
Total comprehensive income attributable to:		
Owners of the Company	12,029,755	(30,684,041)
Non-controlling interests	6,780,220	776,105
Total comprehensive income for the year	18,809,975	(29,907,936)

70 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

Group	← Attributable to		
	Share capital \$	Treasury shares \$	Other reserves \$
At 1 January 2012	203,741,104	(2,579,522)	3,963,362
Total comprehensive income for the year			
Loss for the year	–	–	–
Other comprehensive income			
Foreign currency translation differences of foreign operations	–	–	–
Share of foreign currency translation differences of associates	–	–	–
Reserves of an associate reclassified to profit or loss on reclassification to available-for-sale investment	–	–	(350,786)
Reserves of an associate transferred to profit or loss on disposal	–	–	(61,477)
Net change in fair value of available-for-sale financial assets	–	–	–
Share of other reserve movement of an associate	–	–	(35,097)
Total other comprehensive income	–	–	(447,360)
Total comprehensive income for the year	–	–	(447,360)
Transactions with owners, recognised directly in equity			
Contributions by and distributions to owners			
Dividends paid (note 17)	–	–	–
Share options exercised	244,790	–	(40,390)
Share options cancelled	–	–	(263,344)
Repurchase of own shares	–	(437,541)	–
Total contributions by and distributions to owners	244,790	(437,541)	(303,734)
Changes in ownership interests in subsidiaries			
Capital contribution by non-controlling interests in a subsidiary	–	–	–
Total changes in ownership interests in subsidiaries	–	–	–
Transfer between reserves			
Appropriation of retained earnings to other reserves	–	–	448,909
Total transactions with owners	244,790	(437,541)	145,175
At 31 December 2012	203,985,894	(3,017,063)	3,661,177

owners of the Company →

Fair value reserve \$	Translation reserve \$	Retained earnings \$	Total \$	Non- controlling interests \$	Total equity \$
48,093	(1,045,059)	77,716,943	281,844,921	31,637,509	313,482,430
–	–	(27,224,728)	(27,224,728)	1,811,438	(25,413,290)
–	(3,894,488)	–	(3,894,488)	(1,055,317)	(4,949,805)
–	25,094	–	25,094	(21,029)	4,065
–	(966,584)	–	(1,317,370)	(20,128)	(1,337,498)
(74,451)	1,352,186	–	1,216,258	–	1,216,258
546,290	–	–	546,290	61,141	607,431
–	–	–	(35,097)	–	(35,097)
471,839	(3,483,792)	–	(3,459,313)	(1,035,333)	(4,494,646)
471,839	(3,483,792)	(27,224,728)	(30,684,041)	776,105	(29,907,936)
–	–	(5,556,407)	(5,556,407)	(605,086)	(6,161,493)
–	–	–	204,400	–	204,400
–	–	263,344	–	–	–
–	–	–	(437,541)	–	(437,541)
–	–	(5,293,063)	(5,789,548)	(605,086)	(6,394,634)
–	–	–	–	2,969,723	2,969,723
–	–	–	–	2,969,723	2,969,723
–	–	(448,909)	–	–	–
–	–	(5,741,972)	(5,789,548)	2,364,637	(3,424,911)
519,932	(4,528,851)	44,750,243	245,371,332	34,778,251	280,149,583

72 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)

Year ended 31 December 2013

Group	← Attributable to		
	Share capital \$	Treasury shares \$	Other reserves \$
At 1 January 2013	203,985,894	(3,017,063)	3,661,177
Total comprehensive income for the year			
Profit for the year	—	—	—
Other comprehensive income			
Foreign currency translation differences of foreign operations	—	—	—
Share of foreign currency translation differences of associates	—	—	—
Net change in fair value of available-for-sale financial assets	—	—	—
Total other comprehensive income	—	—	—
Total comprehensive income for the year	—	—	—
Transactions with owners, recognised directly in equity			
Contributions by and distributions to owners			
Dividends paid (note 17)	—	—	—
Share options exercised	242,000	—	—
Repurchase of own shares	—	(1,209,338)	—
Unclaimed dividend reversed	—	—	—
Total contributions by and distributions to owners	242,000	(1,209,338)	—
Transfer between reserves			
Appropriation of retained earnings to other reserves	—	—	600,946
Total transactions with owners	242,000	(1,209,338)	600,946
At 31 December 2013	204,227,894	(4,226,401)	4,262,123

owners of the Company →

Fair value reserve \$	Translation reserve \$	Retained earnings \$	Total \$	Non- controlling interests \$	Total equity \$
519,932	(4,528,851)	44,750,243	245,371,332	34,778,251	280,149,583
–	–	6,638,375	6,638,375	5,009,217	11,647,592
–	1,955,017	–	1,955,017	1,701,786	3,656,803
–	2,885,497	–	2,885,497	–	2,885,497
550,866	–	–	550,866	69,217	620,083
550,866	4,840,514	–	5,391,380	1,771,003	7,162,383
550,866	4,840,514	6,638,375	12,029,755	6,780,220	18,809,975
–	–	–	–	(605,086)	(605,086)
–	–	–	242,000	–	242,000
–	–	–	(1,209,338)	–	(1,209,338)
–	–	1,716	1,716	–	1,716
–	–	1,716	(965,622)	(605,086)	(1,570,708)
–	–	(600,946)	–	–	–
–	–	(599,230)	(965,622)	(605,086)	(1,570,708)
1,070,798	311,663	50,789,388	256,435,465	40,953,385	297,388,850

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2013

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Profit/(Loss) for the year		11,647,592	(25,413,290)
Adjustments for:			
Depreciation of investment properties	6	26,252	26,738
Depreciation of property, plant and equipment	4	8,314,529	9,842,385
Gain on reclassification of investment in associate to available-for-sale investment		–	(328,064)
Loss/(gain) on disposal of:			
- associate		–	603,628
- property, plant and equipment		193,323	(700,854)
Net finance (income)/costs		(1,046,073)	8,750,839
Impairment allowance (reversed)/made on property, plant and equipment		(145,362)	644,224
Property, plant and equipment written off		103,107	175,827
Share of loss of associates (net of tax)		768,765	6,729,378
Tax expense		3,615,415	2,545,717
Unrealised exchange loss		1,099,019	163,461
		24,576,567	3,039,989
Changes in working capital:			
Inventories		(6,068,982)	27,836,613
Trade and other receivables		(23,851,132)	15,078,979
Trade and other payables		20,086,650	(9,533,798)
Cash generated from operating activities		14,743,103	36,421,783
Tax paid		(5,140,167)	(2,991,708)
Net cash from operating activities		9,602,936	33,430,075

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

Year ended 31 December 2013

	Note	2013 \$	2012 \$
Cash flows from investing activities			
Dividends received		1,504	1,372
Interest received		825,300	1,687,889
Investment in an associate		(4,024,234)	(41,204,504)
Proceeds from partial settlement of debt security		9,072,520	1,910,924
Proceeds from disposal of:			
- an associate		–	19,165,996
- asset held for sale		11,601,900	–
- financial assets		–	760,136
- investment properties		–	2,714,816
- property, plant and equipment		825,039	587,346
- property interest		–	43,224,107
Proceeds from liquidation of an associate		–	250,000
Purchase of property, plant and equipment		(11,778,832)	(11,420,421)
Purchase of financial assets		–	(713,101)
Net cash from investing activities		6,523,197	16,964,560
Cash flows from financing activities			
Decrease/(increase) in pledged deposits		826,996	(1,618,893)
Dividends paid		(605,086)	(6,161,493)
Interest paid		(2,759,687)	(2,374,017)
Payment of finance lease liabilities		(2,664,926)	(911,102)
Proceeds from borrowings		66,169,343	71,228,630
Proceeds from exercise of share options		242,000	204,400
Repayment of borrowings		(66,896,944)	(60,554,153)
Repurchase of own shares		(1,209,338)	(437,541)
Capital contribution by non-controlling interests in a subsidiary		–	2,969,723
Net cash (used in)/from financing activities		(6,897,642)	2,345,554
Net increase in cash and cash equivalents		9,228,491	52,740,189
Cash and cash equivalents at 1 January		101,331,893	49,372,161
Effect of exchange rate fluctuations on cash held		(287,461)	(780,457)
Cash and cash equivalents at 31 December	15	110,272,923	101,331,893

76 **NOTES TO THE** FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 March 2014.

1. DOMICILE AND ACTIVITIES

Hanwell Holdings Limited (the “Company”) is incorporated in the Republic of Singapore. The address of the Company’s registered office is 348 Jalan Boon Lay, Singapore 619529.

The financial statements of the Group as at and for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates.

The Company is primarily involved in the supply of provisions and household consumer products. The Company also provides management services to its subsidiaries. The principal activities of the subsidiaries are set out in note 7 to the financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company’s functional currency.

2.4 Use of estimates and judgements

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (cont'd)

2.4 Use of estimates and judgements (cont'd)

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

- Notes 3.9(i) – impairment of available-for-sale financial assets
- Note 4 – impairment of property, plant and equipment.

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

- Note 3.17 – estimate of tax liabilities
- Note 4 – recoverable amounts of property, plant and equipment
- Note 5 – key assumptions on recoverable amounts relating to goodwill
- Note 10 – utilisation of tax losses
- Note 11 – estimate of net realisable value for inventories
- Notes 19 and 29 – valuation of financial instruments.

2.5 Changes in accounting policies

(i) Fair value measurement

FRS 113 *Fair Value Measurement* establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other FRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other FRSs, including FRS 107 *Financial Instruments: Disclosures*.

From 1 January 2013, in accordance with the transitional provisions of FRS 113, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities. The additional disclosures necessary as a result of the adoption of this standard has been included in notes 19 and 29.

(ii) Presentation of items of other comprehensive income

From 1 January 2013, as a result of the amendments to FRS 1 *Presentation of Financial Statements*, the Group has modified the presentation of items of other comprehensive income in its consolidated statement of comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly.

The adoption of the amendment to FRS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

78 NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

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

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

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

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

(iii) Loss of control

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

(iv) Investments in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investment in associates are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investments includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

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

80 NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of consolidation (cont'd)

(v) Transactions eliminated on consolidation

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

(vi) Subsidiaries and associates in the separate financial statements

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

3.2 Foreign currency

(i) Foreign currency transactions

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences which are recognised in other comprehensive income arising on the retranslation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss).

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Foreign currency (cont'd)

(ii) Foreign operations (cont'd)

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

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

3.3 Financial instruments

(i) Non-derivative financial assets

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

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

82 **NOTES TO THE** FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Financial instruments (cont'd)

(i) Non-derivative financial assets (cont'd)

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

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

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Held-to-maturity financial assets comprise debt securities.

Loans and receivables

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

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Financial instruments (cont'd)

(i) Non-derivative financial assets (cont'd)

Available-for-sale financial assets

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

Available-for-sale financial assets comprise equity securities.

(ii) Non-derivative financial liabilities

The Group initially recognises financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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

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

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

Other financial liabilities comprise loans and borrowings and trade and other payables.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

84 NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Financial instruments (cont'd)

(iii) Share capital (cont'd)

Repurchase, disposal and reissue of share capital (treasury shares)

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

(iv) Intra-group financial guarantees in the separate financial statements

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

Financial guarantees are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

3.4 Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the asset to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the cost of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

• freehold buildings	50 years
• leasehold buildings	20 to 50 years
• leasehold improvements	Remaining lease periods of 37 to 44 years
• renovations	3 to 10 years
• furniture, fittings and office equipment	3 to 13 ⅓ years
• warehouse equipment	6 to 10 years
• motor vehicles	4 to 10 years
• plant and machinery	6 to 10 years
• computers	3 to 5 years

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

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NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Intangible assets and goodwill

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

(ii) Trademarks

Trademarks are amortised and recognised in profit or loss as an expense on a straight-line basis over their useful lives of 3 to 10 years. Amortisation commences from the date the trademarks are available for use.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

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

3.6 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes. Investment properties are stated at cost less accumulated depreciation. The freehold land component of the investment properties is not depreciated. The freehold building component is depreciated on a straight-line basis over 50 years.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Leased assets

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

Other leases are operating leases and, except for investment properties, the leased assets are not recognised in the Group's statement of financial position.

3.8 Inventories

(i) Trading goods

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and includes expenditure incurred in acquiring the inventories, production and conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

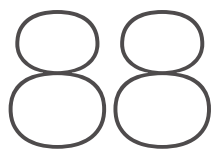
(ii) Manufactured corrugated paper products

Inventories are measured at the lower of cost and net realisable value. Cost of raw materials is determined on a specific identification basis. In the case of work in progress and finished goods, cost includes raw materials, direct expenditure and an attributable portion of manufacturing overheads.

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

(iii) Contract work-in-progress

Contract work-in-progress represent the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date (see note 3.13(ii)) less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Inventories (cont'd)

(iii) Contract work-in-progress (cont'd)

Contract work-in-progress is presented as part of inventories in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as deferred income in the statement of financial position.

3.9 Impairment

(i) Non-derivative financial assets

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

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

Loans and receivables and held-to-maturity investment securities

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Loans and receivables and held-to-maturity investment securities (cont'd)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

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

90 NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Impairment (cont'd)

(ii) Non-financial assets (cont'd)

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

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

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

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.10 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of associates ceases once classified as held for sale.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.11 Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

(iii) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

3.12 Provisions

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

92 **NOTES TO THE** FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.13 Revenue

(i) Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(iii) Healthcare consultancy

Revenue arising from healthcare consultancy is recognised in profit or loss when the relevant services are rendered.

3.14 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

3.15 Lease payments

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Finance income and finance costs

Finance income comprises interest income on funds invested, dividend income, fair value gains on financial assets at fair value through profit or loss and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance costs comprises interest expense on borrowings, impairment losses recognised on available-for-sale financial assets, losses on disposal of available-for-sale financial assets and fair value losses on financial assets at fair value through profit or loss.

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

3.17 Tax

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

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

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

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

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

94 **NOTES TO THE** FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.17 Tax (cont'd)

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

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

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

3.18 Earnings per share

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.19 Segment reporting

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

Segment results that are reported to the Group's Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets other than goodwill.

3.20 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

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4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land \$	Freehold buildings \$	Leasehold buildings \$	Leasehold improvements \$
Cost				
At 1 January 2012	3,008,516	3,793,142	39,244,899	9,714,020
Additions	–	–	9,036,196	10,370
Disposals	(2,507,166)	–	–	–
Write-offs	–	–	–	(5,250)
Reclassification	–	–	–	–
Effect of movements in exchange rates	(45,534)	(29,205)	(1,353,443)	–
At 31 December 2012	455,816	3,763,937	46,927,652	9,719,140
Additions	–	–	3,691,361	–
Disposals	–	–	–	–
Write-offs	–	–	–	–
Reclassification	–	–	(137,344)	–
Effect of movements in exchange rates	(16,229)	(40,466)	2,395,734	–
At 31 December 2013	439,587	3,723,471	52,877,403	9,719,140
Accumulated depreciation and impairment losses				
At 1 January 2012	531,499	2,957,175	9,869,871	2,968,922
Depreciation for the year	–	19,867	2,828,104	378,587
Impairment loss	–	–	–	–
Disposals	(525,158)	–	–	–
Write-offs	–	–	–	(790)
Reclassification	–	–	–	–
Effect of movements in exchange rates	(6,341)	(8,526)	(239,015)	–
At 31 December 2012	–	2,968,516	12,458,960	3,346,719
Depreciation for the year	–	19,506	1,702,556	265,450
Impairment loss made/(reversed)	–	–	–	–
Disposals	–	–	–	–
Write-offs	–	–	–	–
Effect of movements in exchange rates	–	(12,748)	456,688	–
At 31 December 2013	–	2,975,274	14,618,204	3,612,169
Carrying amounts				
At 1 January 2012	2,477,017	835,967	29,375,028	6,745,098
At 31 December 2012	455,816	795,421	34,468,692	6,372,421
At 31 December 2013	439,587	748,197	38,259,199	6,106,971

Renovations \$	Furniture, fittings and office equipment \$	Warehouse equipment \$	Motor vehicles \$	Plant and machinery \$	Computers \$	Total \$
8,441,569	6,324,643	1,273,638	6,676,920	61,776,541	2,447,733	142,701,621
544,743	478,200	53,100	956,680	5,814,587	110,078	17,003,954
(192,349)	(98,225)	(47,505)	(904,061)	(201,274)	(20,016)	(3,970,596)
(75,286)	(433,866)	–	–	(1,140,527)	(454,591)	(2,109,520)
–	(76,425)	120,786	(120,786)	76,425	–	–
(4,349)	(84,479)	(1,604)	(76,093)	(1,628,276)	(4,938)	(3,227,921)
8,714,328	6,109,848	1,398,415	6,532,660	64,697,476	2,078,266	150,397,538
16,352	770,553	81,689	661,365	5,159,242	74,975	10,455,537
(5,333)	(54,569)	(24,415)	(247,919)	(5,934,905)	(12,610)	(6,279,751)
(186,460)	(667,858)	–	–	(4,856,710)	(180,017)	(5,891,045)
–	301,046	–	–	(163,702)	–	–
(838)	9,179	(4,244)	34,534	2,308,500	(4,911)	4,681,259
8,538,049	6,468,199	1,451,445	6,980,640	61,209,901	1,955,703	153,363,538
4,777,494	4,240,871	717,991	3,891,433	42,957,770	1,333,665	74,246,691
1,106,813	623,630	153,004	615,728	3,796,129	320,523	9,842,385
–	–	–	–	644,224	–	644,224
(77,249)	(37,262)	(47,484)	(500,219)	(167,740)	(14,175)	(1,369,287)
(56,863)	(401,613)	–	–	(1,075,244)	(399,183)	(1,933,693)
–	(20,220)	93,832	(93,832)	20,220	–	–
(3,718)	(52,045)	(1,246)	(30,615)	(797,287)	(4,572)	(1,143,365)
5,746,477	4,353,361	916,097	3,882,495	45,378,072	1,236,258	80,286,955
824,637	610,295	130,750	608,294	3,951,209	201,832	8,314,529
57,215	–	–	–	(202,577)	–	(145,362)
(2,667)	(41,873)	(11,028)	(227,651)	(4,967,730)	(10,439)	(5,261,388)
(166,380)	(632,590)	–	–	(4,810,731)	(178,237)	(5,787,938)
(731)	(12,577)	(3,430)	12,070	1,097,277	(4,832)	1,531,717
6,458,551	4,276,616	1,032,389	4,275,208	40,445,520	1,244,582	78,938,513
3,664,075	2,083,772	555,647	2,785,487	18,818,771	1,114,068	68,454,930
2,967,851	1,756,487	482,318	2,650,165	19,319,404	842,008	70,110,583
2,079,498	2,191,583	419,056	2,705,432	20,764,381	711,121	74,425,025

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4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Leasehold building \$	Leasehold improvements \$	Renovations \$
Cost			
At 1 January 2012	8,517,028	9,714,020	7,415,167
Additions	–	10,370	111,030
Disposals	–	–	–
Write-offs	–	(5,250)	–
At 31 December 2012	8,517,028	9,719,140	7,526,197
Additions	–	–	–
Disposals	–	–	–
Write-offs	–	–	(23,400)
At 31 December 2013	8,517,028	9,719,140	7,502,797
Accumulated depreciation			
At 1 January 2012	4,926,058	2,968,922	4,019,807
Depreciation for the year	1,644,145	378,587	1,018,801
Disposals	–	–	–
Write-offs	–	(790)	–
At 31 December 2012	6,570,203	3,346,719	5,038,608
Depreciation for the year	129,788	265,450	682,477
Disposals	–	–	–
Write-offs	–	–	(17,550)
At 31 December 2013	6,699,991	3,612,169	5,703,535
Carrying amounts			
At 1 January 2012	3,590,970	6,745,098	3,395,360
At 31 December 2012	1,946,825	6,372,421	2,487,589
At 31 December 2013	1,817,037	6,106,971	1,799,262

Furniture, fittings and office equipment \$	Warehouse equipment \$	Motor vehicles \$	Plant and machinery \$	Computers \$	Total \$
1,092,053	810,579	1,922,087	448,229	1,793,584	31,712,747
32,375	50,800	377,289	76,000	41,330	699,194
(4,109)	(47,505)	(677,284)	(70,400)	(5,322)	(804,620)
(7,993)	–	–	(460)	(269,424)	(283,127)
1,112,326	813,874	1,622,092	453,369	1,560,168	31,324,194
11,299	45,949	57,574	–	77,765	192,587
–	(8,580)	(86,529)	–	(905)	(96,014)
–	–	–	–	–	(23,400)
1,123,625	851,243	1,593,137	453,369	1,637,028	31,397,367
802,918	439,633	1,047,716	258,119	813,665	15,276,838
99,602	123,268	141,727	39,187	264,687	3,710,004
(1,269)	(47,484)	(327,670)	(57,862)	(1,563)	(435,848)
(6,381)	–	–	(460)	(269,349)	(276,980)
894,870	515,417	861,773	238,984	807,440	18,274,014
90,850	96,812	117,344	39,779	178,107	1,600,607
–	(2,503)	(83,911)	–	(654)	(87,068)
–	–	–	–	–	(17,550)
985,720	609,726	895,206	278,763	984,893	19,770,003
289,135	370,946	874,371	190,110	979,919	16,435,909
217,456	298,457	760,319	214,385	752,728	13,050,180
137,905	241,517	697,931	174,606	652,135	11,627,364

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4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

During the year, the Group acquired property, plant and machinery with an aggregate cost of \$10,455,537 (2012: \$17,003,954), of which \$nil (2012: \$2,827,081) was acquired through finance leases and \$2,413,512 (2012: \$3,431,339) remains unsettled as of year end.

Included in property, plant and equipment of the Group are assets with a total carrying amount of \$4,893,972 (2012: \$4,919,206), which are under finance leases.

The following property, plant and equipment are pledged as security for secured loans and borrowings (note 18):

	Group	
	2013	2012
	\$	\$
Carrying amounts		
Leasehold buildings	21,137,167	18,519,669
Plant and machinery	5,002,891	4,485,733
	<u>26,140,058</u>	<u>23,005,402</u>

Impairment of property, plant and equipment

In 2013, the Group carried out a review of the recoverable amounts of property, plant and equipment. The review led to a net reversal of impairment losses of \$204,862 relating to the certain plant and equipment of the Packaging segment due to the improvement of financial performance of certain cash generating units within the Packaging segment. The review also led to the recognition of impairment losses of \$59,500 relating to certain plant and equipment of the Consumer Business segment due to the deterioration in the financial performance of a Group entity. The recoverable amounts of the property, plant and equipment were based on their value-in-use, and pre-tax discount rates of 17% - 21% and 13% used for the Packaging and Consumer Business segment respectively. The impairment losses reversed and recognised were included in other income.

In 2012, the Group carried out a review of the recoverable amounts of property, plant and equipment. The review led to the recognition of impairment losses of \$535,016 relating to the certain plant and equipment of the Packaging segment. The recoverable amounts of the property, plant and equipment were based on their value-in-use, and pre-tax discount rates of 15% - 24% used for the Packaging segment. In addition, impairment losses of \$109,208 was also recognised on certain plant and equipment of a subsidiary under the Consumer Business segment that were under utilised. The recoverable amounts of the plant and equipment were based on their fair value less costs to sell. The impairment losses were included in other expenses.

The Group considers its asset impairment accounting policy to be a policy that requires one of the most extensive applications of judgements and estimates by management.

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Impairment of property, plant and equipment (cont'd)

Management judgement is required in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may indicate that the related asset values may not be recoverable; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset in business; (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level, if any, of impairment, including the discount rates or the growth rate assumptions in the cash flow projections could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations.

5. INTANGIBLE ASSETS

Group	Goodwill on consolidation \$	Trademarks \$	Total \$
Cost			
At 1 January 2012	1,122,045	363,050	1,485,095
Effect of movements in exchange rates	(51,582)	–	(51,582)
At 31 December 2012	1,070,463	363,050	1,433,513
Effect of movements in exchange rates	68,919	–	68,919
At 31 December 2013	1,139,382	363,050	1,502,432
Accumulated amortisation			
At 1 January 2012/31 December 2012/			
31 December 2013	–	363,050	363,050
Carrying amounts			
At 1 January 2012	1,122,045	–	1,122,045
At 31 December 2012	1,070,463	–	1,070,463
At 31 December 2013	1,139,382	–	1,139,382

Annual impairment tests for cash generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating units which represent the lowest level within the Group at which goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments as reported in note 28.

The aggregate carrying amount of goodwill is allocated to the packaging unit. The packaging businesses operate largely in Singapore and China.

The recoverable amount of the cash generating unit (CGU) is based on its value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a period of five years.

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5. INTANGIBLE ASSETS (cont'd)

Annual impairment tests for cash generating units containing goodwill (cont'd)

For the purpose of analysing each CGU, management used the following key assumptions:

	Growth rate %	Discount rate %
2013		
Packaging	1 – 307	12
2012		
Packaging	(9) – 20	9 – 11

The forecasted growth rate is estimated based on past performance and the expectations of market developments relevant to each of the CGU. Discount rates reflect the current market assessment of the risks specific to each CGU. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for each CGU, regard has been given to the weighted average cost of capital to each CGU at the beginning of the budgeted year. The pre-tax discount rates for each CGU ranged between 20% - 24% (2012: 16% - 17%). Gross margins are based on average values achieved in the year preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements. The Group believes that any reasonably possible change in the above key assumptions is not likely to materially cause the recoverable amount to be lower than its carrying amount.

6. INVESTMENT PROPERTIES

	2013 \$	Group 2012 \$
Cost		
At 1 January	1,319,312	1,353,214
Effect of movements in exchange rates	(46,973)	(33,902)
At 31 December	1,272,339	1,319,312
Accumulated depreciation		
At 1 January	156,099	133,050
Depreciation charge for the year	26,252	26,738
Effect of movements in exchange rates	(6,366)	(3,689)
At 31 December	175,985	156,099
Carrying amounts		
At 1 January	1,163,213	1,220,164
At 31 December	1,096,354	1,163,213
Fair value		
At 31 December	1,674,737	1,598,680

The investment properties comprise a number of resort apartments.

NOTES TO THE FINANCIAL STATEMENTS

7. SUBSIDIARIES

	Company	
	2013	2012
	\$	\$
Equity investments at cost	48,218,053	48,218,053
Impairment losses	(6,056,788)	(4,370,622)
	<u>42,161,265</u>	<u>43,847,431</u>
Loan to a subsidiary	<u>3,500,000</u>	<u>6,500,000</u>

The loan to a subsidiary is unsecured, bears interest at 4% (2012: 4%) per annum and is repayable in 2015.

In 2013, following a change in the financial conditions of certain subsidiaries, the Company assessed the carrying amount of its investments in these subsidiaries to determine whether there is any indication of impairment. Based on the review, the Company recorded an impairment loss of \$1,686,166 (2012: \$1,176,692) on its investments in certain subsidiaries. The recoverable amounts of the investments were estimated using the fair value less costs to sell approach. The fair values of the underlying assets were estimated based on their estimated selling prices and the fair values of the underlying liabilities were based on the estimated cash outflows to settle the obligations.

Details of key subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
			2013 %	2012 %
@ Topseller Pte Ltd	Marketing and sale of agency lines and proprietary brands	Singapore	100	100
@ Econ Minimart Services Pte Ltd	Dormant	Singapore	100	100
@ Tipex Pte. Ltd. and its subsidiaries:	Supply of provisions and household products	Singapore	74	74
^ Tips Trading Pte. Ltd.	Supply of shelving	Singapore	74	74
^ Tips Industry (M) Sdn. Bhd	Packaging and sale of paper products	Malaysia	74	74
^ Beautex Marketing (M) Sdn. Bhd.	Dormant	Malaysia	74	74
^ Socma Trading (M) Sendirian Berhad and its subsidiaries:	Marketing and sale of household and consumer products	Malaysia	100	100

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NOTES TO THE FINANCIAL STATEMENTS

7. SUBSIDIARIES (cont'd)

	Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
				2013 %	2012 %
^	Econfood Manufacturing (M) Sdn. Bhd.	Dormant	Malaysia	100	100
^	Fresh Fruit Juice Manufacturing (M) Sdn. Bhd.	Manufacture of grass jelly products	Malaysia	100	100
@	PSC Investment Pte Ltd and its subsidiaries:	Investment holding	Singapore	100	100
∞	PSC (China) Property Co., Limited	Property development, property holdings and property related activities	Hong Kong	100	100
∞	Guangzhou PSC Properties Co., Ltd	Property development, property holdings and property related activities	People's Republic of China	100	100
@	Fortune Food Manufacturing Pte Ltd and its subsidiary:	Manufacture of soya bean products and noodles	Singapore	100	100
@	Fortune Food Marketing Pte Ltd	Inactive	Singapore	100	100
@	PSC Resort Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
^	Palm Meadow Sdn. Bhd.	Property investment	Malaysia	100	100
@	Tat Seng Packaging Group Ltd and its subsidiaries:	Manufacture and sale of corrugated boards, corrugated cartons and other packaging products	Singapore	64	64
^	Tat Seng Packaging (Suzhou) Co., Ltd and its subsidiaries:	Manufacture and sale of corrugated boards, corrugated cartons and other packaging products	People's Republic of China	64	64
^	Nantong Hengcheng Paper Industry Co., Ltd and its subsidiary:	Manufacture and sale of corrugated boards	People's Republic of China	44.8	44.8

NOTES TO THE FINANCIAL STATEMENTS

7. SUBSIDIARIES (cont'd)

Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
			2013 %	2012 %
[^] Nantong Tat Seng Packaging Co., Ltd	Manufacture and sale of corrugated boards	People's Republic of China	44.8	44.8
[^] Hefei Dansun Packaging Co., Ltd	Manufacture and sale of corrugated cartons, EPE products and other packaging products	People's Republic of China	60.4	60.4
[@] United Packaging Industries Pte. Ltd.	Manufacture and sale of corrugated boards, corrugated cartons and other packaging products	Singapore	64	64
[^] Tianjin Dansun Packaging Co., Ltd	Manufacture and sale of corrugated cartons and other packaging products	People's Republic of China	42.9	42.9
[@] Topseller Development Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
[^] Flobina Sdn. Bhd.	Property investment	Malaysia	100	100
[@] PSC International Pte Ltd and its subsidiaries:	Investment holding	Singapore	100	100
[@] Health Solutions International Pte. Ltd. and its subsidiaries:	Investment holding	Singapore	95	95
[@] Health Solutions Holdings Pte. Ltd. and its subsidiaries:	Investment holding	Singapore	95	95
[▽] Halyway Holding Ltd and its subsidiary:	Dormant	Cyprus	95	95
[▽] HS Hellas S.A	Dormant	Greece	95	95
^Ω Health Solutions (Malaysia) Sdn. Bhd. and its subsidiaries:	Construction of hospital turnkey projects and provision of healthcare consultancy and hospital management services	Malaysia	95	95

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7. SUBSIDIARIES (cont'd)

Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
			2013 %	2012 %
Ω Health Solutions Services Sdn. Bhd.	Dormant	Malaysia	95	95
Ω HS Medeq Consult Sdn. Bhd.	Dormant	Malaysia	95	95
∇ Health Solutions Medical Services (Vietnam) Co., Ltd.	Dormant	Vietnam	95	95
∇ PT Health Solutions Indonesia	Dormant	Indonesia	95	95
⊙ Education Solutions International Pte. Ltd.	Dormant	Singapore	100	100
⊙ Wellmart Management Services Pte. Ltd	Franchise ownership, mini-mart, convenience store and provision shop operator	Singapore	100	100
⊙ D & P Lifestyle Pte. Ltd.	Dormant	Singapore	100	100

⊙ Audited by KPMG LLP, Singapore.

^ Audited by other member firms of KPMG International.

Ω Audited by Baker Tilly AC, Malaysia.

∞ Audited by Deloitte Touche Tohmatsu, Hong Kong.

∇ Companies under voluntary liquidation.

8. ASSOCIATES

	Group		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Investment in associates	2,393,055	47,321,992	8,044,492	8,044,492
Impairment losses	(2,393,055)	(2,393,055)	(8,044,492)	(8,044,492)
	–	44,928,937	–	–

In 2013, the investment in an associate, Million Cube Limited, was reclassified to asset held for sale (note 16) pursuant to a plan to dispose of the investment.

NOTES TO THE FINANCIAL STATEMENTS

8. ASSOCIATES (cont'd)

In March 2012, arising from the loss of significant influence in Health Solutions (Australia) Pty Ltd and Health Solutions (WA) Pty Ltd, the Group had reclassified the investments to available-for-sale financial assets and recognised a gain of \$328,064 upon such reclassification. Subsequently, these investments were reclassified to assets held for sale (see note 16) pursuant to a plan to dispose of the investments. An impairment loss of \$10,572,071 was recognised on the available-for-sale investment in finance costs, as the fair value less cost to sell was lower than the carrying amount. The disposal was completed in January 2013.

In 2012, the Group and the Company assessed the carrying amount of their investment in associates to determine whether there is any indication of impairment. Based on the review, the Group and the Company recorded impairment losses of \$6,588,309 and \$1,442,805 respectively on its associates following a change in their financial conditions. The impairment losses were included in the share of results of associates in the consolidated statement of profit or loss. The recoverable amount was determined using the fair value less costs to sell approach. The fair values of the underlying assets were estimated based on their estimated selling prices and the fair values of the underlying liabilities were based on the estimated cash outflows to settle the obligations.

Details of key associates are as follows:

Name of associate	Principal activities	Country of incorporation	Effective equity held by			
			the Group	the Group	the Company	the Company
			2013	2012	2013	2012
			%	%	%	%
& China Worldbest Health Solutions Holding Co., Ltd	Inactive	People's Republic of China	31.3	31.3	31.3	31.3
Ω Health Solutions (S.E. Asia) Sdn. Bhd.	Provision of healthcare consultancy and management services to the health industry	Malaysia	28.5	28.5	–	–
α HSI Philippines, Inc.	Dormant	Philippines	38	38	–	–
& Harbin Puwei Real Estate Development Co Ltd	Inactive	People's Republic of China	40	40	–	–

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NOTES TO THE FINANCIAL STATEMENTS

8. ASSOCIATES (cont'd)

Name of associate	Principal activities	Country of incorporation	Effective equity held by			
			the Group	the Group	the Company	the Company
			2013	2012	2013	2012
			%	%	%	%
[^] Million Cube Limited	Investment holding	British Virgin Islands	49	49	–	–
^{&} Longkou Luzhibei Preserved Fruit Company Limited	Manufacture and distribution of preserved fruits	People's Republic of China	40	40	–	–

[&] Not required to be audited by law of country of incorporation.

^Ω Audited by Baker Tilly AC, Malaysia.

^α Audited by Jaime B. Santos, Philippines.

[^] Audited by SHC Li CPA Limited.

The summarised financial information of the associates, not adjusted for the percentage of ownership held by the Group are as follows:

	2013	2012
	\$	\$
Assets and liabilities		
Total assets	29,971,998	135,319,907
Total liabilities	17,691,858	126,219,250
Results		
Revenue	3,521,900	23,071,044
Loss after taxation	(3,025,801)	(8,004,333)

The Group has not recognised losses relating to certain associates where the Group's share of losses exceeds the carrying amount of its investment in those associates. The Group's share of cumulative unrecognised losses is \$3,668,016 (2012: \$3,752,138). The Group has no obligation in respect of these losses.

NOTES TO THE FINANCIAL STATEMENTS

9. OTHER FINANCIAL ASSETS

	Group		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Non-current investments				
Available-for-sale financial assets	2,414,125	1,794,046	1,678,125	1,250,046
Held-to-maturity investments	2,616,000	2,524,800	2,616,000	2,524,800
	<u>5,030,125</u>	<u>4,318,846</u>	<u>4,294,125</u>	<u>3,774,846</u>
Current investments				
Financial assets designated at fair value through profit or loss	<u>4,969,174</u>	<u>3,663,195</u>	<u>4,969,174</u>	<u>3,663,195</u>

Available-for-sale financial assets relate to investments in equity securities.

Held-to-maturity investments is a debt security that has a stated interest rate of 6% (2012: 6%) per annum and matures in 2015 (2012: 2015). As at 31 December 2013, held-to-maturity investments of the Group related to investment in the debt securities of one (2012: one) investee company.

The financial assets designated at fair value through profit or loss relate to equity securities that otherwise would have been classified as available-for-sale. The performance of the equity securities designated at fair value through profit or loss upon initial recognition is actively monitored and they are managed on a fair value basis.

The Group's exposure to credit, currency and interest rate risks and fair value information related to other financial assets is disclosed in note 19.

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10. DEFERRED TAX ASSETS AND LIABILITIES

Movements in temporary differences during the year are as follows:

	At 1 January 2012 \$	Recognised in profit or loss \$
Group		
Deferred tax assets		
Trade and other receivables	103,600	(6,285)
Tax value of loss carry forward	722,839	(416,782)
Trade and other payables	625,017	274,200
Other items	47,719	(25,286)
Total	1,499,175	(174,153)
Deferred tax liabilities		
Property, plant and equipment	(3,260,057)	785,543
Other financial assets	(985,335)	265,302
Other items	–	–
Total	(4,245,392)	1,050,845

Company

Deferred tax assets

Tax value of loss carry forward
Other items
Total

Deferred tax liabilities

Property, plant and equipment
Other financial assets
Total

Effect of movements in exchange rates \$	At 31 December 2012 \$	Recognised in profit or loss \$	Effect of movements in exchange rates \$	At 31 December 2013 \$
(2,414)	94,901	111,878	(2,374)	204,405
(10,400)	295,657	773,358	(8,057)	1,060,958
(15,374)	883,843	1,907	(20)	885,730
(323)	22,110	8,132	(440)	29,802
(28,511)	1,296,511	895,275	(10,891)	2,180,895
59,206	(2,415,308)	604,778	24,173	(1,786,357)
271	(719,762)	52,629	53	(667,080)
–	–	(3,977)	123	(3,854)
59,477	(3,135,070)	653,430	24,349	(2,457,291)
At 1 January 2012 \$	Recognised in profit or loss \$	At 31 December 2012 \$	Recognised in profit or loss \$	At 31 December 2013 \$
405,944	(274,632)	131,312	(131,312)	–
48,315	(6,907)	41,408	(41,408)	–
454,259	(281,539)	172,720	(172,720)	–
(856,652)	314,055	(542,597)	542,597	–
(59,208)	32,408	(26,800)	26,800	–
(915,860)	346,463	(569,397)	569,397	–

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10. DEFERRED TAX ASSETS AND LIABILITIES (cont'd)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:

	Group		Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
Deferred tax liabilities	2,071,039	2,730,065	–	396,677
Deferred tax assets	1,794,643	891,506	–	–

Unrecognised deferred tax assets

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

	Group	
	2013	2012
	\$	\$
Tax losses	16,874,911	12,808,822
Deductible temporary differences	303,148	64,944
	<u>17,178,059</u>	<u>12,873,766</u>

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. \$786,224 (2012: \$967,361) of the tax losses and deductible temporary differences will expire within the next 5 years. The remaining tax losses and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

At 31 December 2013, deferred tax liabilities for temporary differences of \$37,193,084 (2012: \$24,585,827) related to investments in subsidiaries were not recognised because the Company controls whether the liabilities will be incurred and it is satisfied that such liabilities will not be incurred in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

11. INVENTORIES

	Group		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Finished goods:				
- at cost	21,846,940	15,835,419	6,437,834	4,066,961
- at net realisable value	–	206,248	–	–
Packing materials	789,273	864,268	–	–
Raw materials	17,297,985	16,390,540	–	–
Work-in-progress	524,684	592,115	–	–
	<u>40,458,882</u>	<u>33,888,590</u>	<u>6,437,834</u>	<u>4,066,961</u>

In 2013, the Group recognised an allowance for inventory obsolescence of \$603,952 (2012: \$3,177,971). The allowance made was included in cost of sales.

In assessing the net realisable value of inventories, management takes into account the Group's recent transactions and expected future selling prices. Market conditions may, however, change which may affect the future selling prices of the inventories and accordingly, the carrying value of inventories may be subject to adjustments in future periods.

12. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2013 \$	2012 \$	2013 \$	2012 \$
Trade receivables		136,981,655	105,483,665	6,500,447	5,127,410
Impairment losses		(2,443,484)	(2,939,677)	(11,658)	(39,941)
Net trade receivables		134,538,171	102,543,988	6,488,789	5,087,469
Deposits		906,797	969,652	17,614	137,815
Non-trade receivables		11,407,050	19,324,262	909,734	823,781
Impairment losses		(2,638,644)	(1,453,648)	–	–
Net non-trade receivables		8,768,406	17,870,614	909,734	823,781
Tax recoverable		34,480	41,957	–	–
Amounts due from:					
- subsidiaries	13	–	–	72,540,248	82,410,346
- associates	14	–	–	–	–
Loans and receivables		144,247,854	121,426,211	79,956,385	88,459,411
Advance to suppliers		1,533,102	3,086,709	338,008	–
Prepayments		1,581,618	1,798,654	16,547	28,590
		<u>147,362,574</u>	<u>126,311,574</u>	<u>80,310,940</u>	<u>88,488,001</u>

Included in non-trade receivables of the Group as at 31 December 2013 was an amount of \$4,994,541 relating to the principal amount of a debt security and accrued interest thereon that matured in September 2013. Subsequent to the year end, \$814,900 was received. This receivable constituted 3% of the Group's trade and other receivables as at 31 December 2013 and was due from one party.

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12. TRADE AND OTHER RECEIVABLES (cont'd)

Included in non-trade receivables of the Group as at 31 December 2012 was an amount of \$13,720,339 relating to the principal amount of a debt security and accrued interest thereon that matured in November 2012. Subsequent to the reporting date, \$6,329,300 was received while the maturity of the remaining amount was extended to September 2013. This receivable constituted 11% of the Group's trade and other receivables as at 31 December 2012 and was due from one party.

The Group's and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables is disclosed in note 19.

13. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2013 \$	2012 \$
Interest-bearing loans	3,000,000	2,500,000
Current accounts:		
- trade	271,575	520,438
- non-trade	83,385,907	95,366,471
	86,657,482	98,386,909
Impairment losses	(14,117,234)	(15,976,563)
	<u>72,540,248</u>	<u>82,410,346</u>

The interest-bearing loans are unsecured and repayable on demand. At the reporting date, the loans bear interest at 4% (2012: 5%) per annum. The non-trade current account balances are unsecured, interest-free and repayable on demand.

14. AMOUNTS DUE FROM ASSOCIATES

	Group		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Non-trade	11,524,838	12,396,913	1,422,193	1,422,193
Impairment losses	(11,524,838)	(12,396,913)	(1,422,193)	(1,422,193)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

The non-trade amounts due from associates are unsecured, interest-free and repayable on demand.

The Group recorded a reversal of impairment losses of \$563,704 (2012: impairment loss made of \$9,127,991) during the year. The impairment loss reversed in 2013 and the impairment loss recognised in 2012 were included in other expenses.

NOTES TO THE FINANCIAL STATEMENTS

15. CASH AND CASH EQUIVALENTS

		Group		Company	
	Note	2013 \$	2012 \$	2013 \$	2012 \$
Cash at bank and in hand		41,025,950	43,040,747	9,739,813	4,858,223
Fixed deposits with banks		77,835,011	67,357,122	58,688,448	52,215,444
Cash and cash equivalents		118,860,961	110,397,869	68,428,261	57,073,667
Bank overdrafts	18	(2,714,510)	(2,365,452)	–	–
Deposits pledged		(5,873,528)	(6,700,524)	–	–
Cash and cash equivalents in the statement of cash flows		110,272,923	101,331,893	68,428,261	57,073,667

Bank deposits pledged represents amounts pledged as security by certain subsidiaries to obtain credit facilities (note 18).

The Group's and the Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 19.

16. ASSETS HELD FOR SALE

In 2013, asset held for sale comprise the investment in an associate, Million Cube Limited (note 8).

In 2012, assets held for sale comprises available-for-sale investments in the unquoted equity securities of Health Solutions (Australia) Pty Ltd and Health Solutions (WA) Pty Ltd (see note 8).

17. CAPITAL AND RESERVES

Share capital

	2013 No. of shares	2012 No. of shares
Group and Company		
In issue at 1 January	569,396,746	568,156,746
Exercise of share options	1,100,000	1,240,000
In issue at 31 December	570,496,746	569,396,746

116 NOTES TO THE FINANCIAL STATEMENTS

17. CAPITAL AND RESERVES (cont'd)

At 31 December 2013, the Company held 17,581,000 (2012: 13,568,000) of its own uncanceled shares.

The total number of issued shares excluding treasury shares as at the end of the year ended 31 December 2013 was 552,915,746 (2012: 555,828,746).

In 2013, 1,100,000 (2012: 1,240,000) shares were issued following the exercise of vested options which were granted to key management personnel, senior employees and non-executive directors under the Hanwell Executives' Share Options Scheme. Options were exercised at the exercise price of \$0.22 (2012: ranging from \$0.16 to \$0.22) per share (see note 20).

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

All issued shares are fully paid, with no par value.

Reserves

	Group		Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
Other reserves	4,262,123	3,661,177	510,399	510,399
Fair value reserve	1,070,798	519,932	839,552	411,473
Translation reserve	311,663	(4,528,851)	–	–
Retained earnings	50,789,388	44,750,243	(2,190,595)	(2,113,528)
	<u>56,433,972</u>	<u>44,402,501</u>	<u>(840,644)</u>	<u>(1,191,656)</u>

Other reserves

Other reserves of the Group comprises mainly (i) the reserve arising from bonus shares issued by a subsidiary, (ii) the reserve arising from acquisition of non-controlling interest, (iii) the share option reserve comprising the cumulative value of employee services received for the issue of share options, and (iv) the statutory reserves of certain subsidiaries. In accordance with the relevant PRC regulations, certain subsidiaries in the PRC are required to appropriate at least 10% of their profit after tax in their annual statutory financial statements, as determined in accordance with the PRC accounting standards and regulations applicable to the subsidiaries, to the statutory reserve until such reserve reaches 50% of the registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The statutory reserve is not available for dividend distribution to shareholders. As at 31 December 2013, the statutory reserve included in other reserves is \$3,175,808 (2012: \$2,574,862).

Other reserves of the Company relates to the share option reserve comprising the cumulative value of employee services received for the issue of share options.

NOTES TO THE FINANCIAL STATEMENTS

17. CAPITAL AND RESERVES (cont'd)

Fair value reserve

The fair value reserve of the Group and the Company comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Translation reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of monetary items which form part of the Group's net investment in foreign operations provided certain conditions are met.

Dividends

The following exempt (one-tier) dividends were declared and paid by the Group and the Company:

Paid by the Company to owners of the Company

	Group and Company	
	2013	2012
	\$	\$
Final tax-exempt dividend paid of nil (2012: 1.00 cent) per share in respect of financial year ended 31 December 2012 (2012: 31 December 2011)	—	5,556,407 [^]

[^] Based on the total number of issued shares excluding treasury shares as at 28 May 2012 of 555,640,746.

Paid by subsidiaries to non-controlling interests

	Group	
	2013	2012
	\$	\$
Final tax-exempt dividend paid of 4.92 cents (2012: 4.92 cents) per share in respect of financial year ended 31 December 2012 (2012: 31 December 2011)	38,376	38,376
Interim tax-exempt dividend paid of 1.00 cent (2012: 1.00 cent) per share in respect of financial year ended 31 December 2013 (2012: 31 December 2012)	566,710 605,086	566,710 605,086

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18. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 19.

	Group	
	2013	2012
	\$	\$
Non-current liabilities		
Secured bank loans	2,493,734	2,944,560
Finance lease liabilities	–	646,157
	<u>2,493,734</u>	<u>3,590,717</u>
Current liabilities		
Bank overdrafts	2,714,510	2,365,452
Secured bank loans	8,169,749	9,093,315
Unsecured bank loans	9,881,859	9,029,984
Bills payable	15,091,475	13,592,626
Finance lease liabilities	688,048	2,591,499
Loan from non-controlling interests	627,092	–
	<u>37,172,733</u>	<u>36,672,876</u>
Total loans and borrowings	<u>39,666,467</u>	<u>40,263,593</u>

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	Carrying amount	
		%		2013	2012
				\$	\$
Group					
Loan A (secured)	RMB	6.44 – 6.60	2014	4,598,671	8,111,795
Loan B (secured)	RMB	7.38	2015	4,384,206	3,926,080
Loan C (secured)	RMB	7.20	2014	1,680,606	–
Loan D (unsecured)	RMB	5.60 – 7.80	2013	–	9,029,984
Loan E (unsecured)	RMB	5.60 – 6.90	2014	9,881,859	–
Bank overdrafts	RM/SGD	7.10	2014	2,714,510	2,365,452
Bills payable (secured)	RMB	–	2014	6,178,262	13,288,539
Bills payable (unsecured)	RMB/SGD	–	2014	8,913,213	304,087
Finance lease liabilities	RMB	4.80 – 7.85	2014	688,048	3,237,656
Loan from non-controlling interests (unsecured)	RMB	6.60	2014	627,092	–
Total loans and borrowings				<u>39,666,467</u>	<u>40,263,593</u>

NOTES TO THE FINANCIAL STATEMENTS

18. LOANS AND BORROWINGS (cont'd)

Terms and debt repayment schedule (cont'd)

- (i) The bank overdrafts and certain bills payable of the Group are secured on bank deposits of \$5,873,528 (2012: \$6,700,524) (note 15).
- (ii) The secured bank loans and certain bills payable are secured on certain leasehold buildings and plant and machinery held by certain subsidiaries (see note 4).

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2013 \$	Interest 2013 \$	Present value of minimum lease payments 2013 \$	Future minimum lease payments 2012 \$	Interest 2012 \$	Present value of minimum lease payments 2012 \$
Group						
Within one year	695,717	7,669	688,048	2,706,920	115,421	2,591,499
Between one and five years	–	–	–	653,359	7,202	646,157
	<u>695,717</u>	<u>7,669</u>	<u>688,048</u>	<u>3,360,279</u>	<u>122,623</u>	<u>3,237,656</u>

Intra-group financial guarantees

Intra-group financial guarantees comprise guarantees given by the Company to banks in respect of banking facilities amounting to \$5,102,069 (2012: \$5,290,432) granted to two wholly-owned subsidiaries. There is no expiry date on the financial guarantees. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group guarantees.

19. FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

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

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19. FINANCIAL INSTRUMENTS (cont'd)

Risk management framework

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the costs of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The carrying amount of financial assets in the statement of financial position represents the Group and the Company's respective maximum exposure to credit risk, before taking into account any collateral held.

Guarantees

The Group's policy is to provide financial guarantees only to its subsidiaries. The maximum exposure of the Company in respect of the intra-group financial guarantees at the end of the reporting period, if the facility is drawn down by the subsidiary, is \$3,945,749 (2012: \$5,290,432). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group guarantee.

Trade and other receivables

Risk management policy

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

At the reporting date, credit risk is concentrated mainly in cash and fixed deposits with banks, held-to-maturity investments and trade and other receivables. Cash and fixed deposits are placed with banks which are regulated.

Credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are internationally dispersed, are engaged in a wide spectrum of activities, and sell in a variety of end markets.

NOTES TO THE FINANCIAL STATEMENTS

19. FINANCIAL INSTRUMENTS (cont'd)

Trade and other receivables (cont'd)

Exposure to credit risk

The maximum exposure to credit risk for trade receivables (including trade amounts due from subsidiaries and associates) at the reporting date (by type of customer) was as follows:

	Group		Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
Consumer business	35,403,873	34,432,698	6,669,417	5,123,663
Packaging	99,134,298	68,111,290	–	–
	<u>134,538,171</u>	<u>102,543,988</u>	<u>6,669,417</u>	<u>5,123,663</u>

Impairment losses

The ageing of trade receivables (including trade amounts due from subsidiaries and associates) at reporting date was as follows:

	Gross 2013 \$	Impairment 2013 \$	Gross 2012 \$	Impairment 2012 \$
Group				
Not past due	119,185,801	–	88,729,650	26,340
Past due 0 – 90 days	14,829,078	229,267	13,492,187	162,182
Past due 91 – 180 days	646,656	53,230	808,073	567,415
Past due 181 – 365 days	183,934	80,664	715,443	483,962
More than one year	2,136,186	2,080,323	1,738,312	1,699,778
	<u>136,981,655</u>	<u>2,443,484</u>	<u>105,483,665</u>	<u>2,939,677</u>
Company				
Not past due	6,250,075	91,104	5,104,211	503,188
Past due 0 – 90 days	510,446	–	489,298	20,997
Past due 91 – 180 days	–	–	23,984	–
Past due 181 – 365 days	–	–	30,355	–
More than one year	11,501	11,501	–	–
	<u>6,772,022</u>	<u>102,605</u>	<u>5,647,848</u>	<u>524,185</u>

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19. FINANCIAL INSTRUMENTS (cont'd)

Trade and other receivables (cont'd)

Impairment losses (cont'd)

The movement in the allowance for impairment in respect of trade receivables (including trade amounts due from subsidiaries and associates) during the year was as follows:

	Group		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
At 1 January	2,939,677	5,861,868	524,185	983,590
Impairment loss (reversed)/recognised	(186,450)	2,342,004	(421,580)	17,937
Utilised	(309,743)	(5,264,195)	–	(477,342)
At 31 December	2,443,484	2,939,677	102,605	524,185

The movement in the allowance for impairment in respect of non-trade receivables (including non-trade amounts due from subsidiaries and associates) during the year was as follows:

	Group		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
At 1 January	13,850,561	3,395,173	16,914,512	9,881,337
Impairment loss recognised/(reversed)	592,005	10,581,639	(1,466,032)	7,033,175
Effect of movements in exchange rates	(279,084)	(126,251)	–	–
At 31 December	14,163,482	13,850,561	15,448,480	16,914,512

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of amount owing is possible, at which point the amounts are considered irrecoverable and are written off against financial assets directly. At 31 December 2013, the Group and the Company do not have any collective impairments on their trade and other receivables. The analysis is performed on the same basis for 2012.

Certain trade receivables of the Group and the Company are collateralised on the items below. Claims against such collateral are limited to the outstanding obligations.

	Group		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Bankers' guarantee	947,003	946,685	550,000	565,000
Fixed deposits	2,545,000	2,590,000	2,545,000	2,590,000
	3,492,003	3,536,685	3,095,000	3,155,000

NOTES TO THE FINANCIAL STATEMENTS

19. FINANCIAL INSTRUMENTS (cont'd)

Investments

Risk management policy

The Group has an investment policy which sets out the types of strategic investments and investments in financial assets that may be undertaken and relevant evaluation criteria. Excess funds generated from operations, diversification of investments, proceeds from private placement of shares or rights issue may be invested in financial assets pending identification and evaluation of long term investments. Approvals are required from executive management or the Board of Directors depending on the size of each investment.

As described above, the Group may undertake investments in financial assets in accordance with its investment policy. The concentration of credit risk of the Group's and the Company's held-to-maturity investments and non-trade receivables are described in notes 9 and 12 respectively. The Group manages its credit risk on its held-to-maturity investments and non-trade receivables by obtaining sufficient financial guarantee from credit worthy counterparties or collateral where appropriate, as means of mitigating the risk of financial loss from defaults.

The maximum exposure to credit risk of the debt securities at the reporting date is the carrying amount.

Liquidity risk

Risk management policy

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group monitors its liquidity risk by regularly monitoring current and expected liquidity requirements and ensuring sufficient liquid cash and readily realisable marketable securities and adequate lines of funding from major financial institutions to meet the Group's liquidity requirements in the short and long term.

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19. FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk (cont'd)

Risk management policy (cont'd)

The following are contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount \$	Contractual cash flows \$	Within 1 year \$	Within 1 to 5 years \$
Group				
2013				
Non-derivative financial liabilities				
Bank overdrafts	2,714,510	(2,907,240)	(2,907,240)	–
Variable rate loans	14,901,516	(15,630,662)	(12,814,862)	(2,815,800)
Fixed rate loans	5,643,826	(5,814,197)	(5,814,197)	–
Bills payable	15,091,475	(15,091,475)	(15,091,475)	–
Finance lease liabilities	688,048	(695,717)	(695,717)	–
Loan from non-controlling interests	627,092	(668,480)	(668,480)	–
Trade and other payables	99,960,707	(99,960,707)	(99,960,707)	–
	<u>139,627,174</u>	<u>(140,768,478)</u>	<u>(137,952,678)</u>	<u>(2,815,800)</u>
2012				
Non-derivative financial liabilities				
Bank overdrafts	2,365,452	(2,533,399)	(2,533,399)	–
Variable rate loans	12,956,064	(13,597,125)	(10,471,475)	(3,125,650)
Fixed rate loans	8,111,795	(8,385,218)	(8,385,218)	–
Bills payable	13,592,626	(13,592,626)	(13,592,626)	–
Finance lease liabilities	3,237,656	(3,360,279)	(2,706,920)	(653,359)
Trade and other payables	82,019,863	(82,019,863)	(82,019,863)	–
	<u>122,283,456</u>	<u>(123,488,510)</u>	<u>(119,709,501)</u>	<u>(3,779,009)</u>

NOTES TO THE FINANCIAL STATEMENTS

19. FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk (cont'd)

Risk management policy (cont'd)

	Carrying amount \$	Contractual cash flows \$	Within 1 year \$	Within 1 to 5 years \$
Company				
2013				
Non-derivative financial liabilities				
Trade and other payables	22,568,114	(22,568,114)	(22,568,114)	–
2012				
Non-derivative financial liabilities				
Trade and other payables	20,290,429	(20,290,429)	(20,290,429)	–

The maturity analysis show the contractual undiscounted cash flows of the Group and the Company's financial liabilities on the basis of their earliest possible contractual maturity.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risk is managed through established investment policies and guidelines. These policies and guidelines are reviewed regularly taking into consideration changes in the overall market environment.

Currency risk

Risk management policy

The Group is exposed to currency risk on sales, purchases and investments, including inter-company sales and purchases and inter-company balances, that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are the Malaysian Ringgit, Hong Kong dollar, Australian dollar, Singapore dollar and United States dollar. The Group does not have a policy to hedge its currency exposure but aims to minimise its exposure at any one time.

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19. FINANCIAL INSTRUMENTS (cont'd)

Currency risk (cont'd)

Exposure to currency risk

The Group's and Company's exposures to foreign currencies based on notional amounts are as follows:

	Malaysian Ringgit \$	Hong Kong Dollar \$	Australian Dollar \$	Singapore Dollar \$	US Dollar \$	Other Currencies \$
Group						
2013						
Other financial assets	–	7,585,174	–	–	–	–
Trade and other receivables	2,558,290	5,135,921	–	3,399,151	1,312,101	116,244
Cash and cash equivalents	178,664	7,125,181	10,408,880	508,756	958,958	1,752
Trade and other payables	(1,555,390)	(906)	(282,722)	(45,479,497)	(3,153,943)	(87,231)
Net exposure	1,181,564	19,845,370	10,126,158	(41,571,590)	(882,884)	30,765

2012						
Other financial assets	–	6,187,995	–	–	–	–
Trade and other receivables	6,166,987	13,861,474	–	2,838,625	325,257	95,702
Cash and cash equivalents	138,840	3,913,440	–	296,386	965,707	2,080
Trade and other payables	(1,985,991)	(1,109)	(530,060)	(37,391,688)	(2,744,383)	(35,676)
Net exposure	4,319,836	23,961,800	(530,060)	(34,256,677)	(1,453,419)	62,106

	Malaysian Ringgit \$	Hong Kong Dollar \$	Australian Dollar \$	US Dollar \$	Other Currencies \$
Company					
2013					
Other financial assets	–	7,585,174	–	–	–
Trade and other receivables	1,927,200	141,380	–	162,196	–
Cash and cash equivalents	46,106	7,125,181	10,408,880	9,827	1,752
Trade and other payables	–	–	–	(142,284)	–
Net exposure	1,973,306	14,851,735	10,408,880	29,739	1,752

2012					
Other financial assets	–	6,187,995	–	–	–
Trade and other receivables	5,307,618	141,135	–	–	–
Cash and cash equivalents	11,761	3,913,440	–	17,817	1,645
Net exposure	5,319,379	10,242,570	–	17,817	1,645

NOTES TO THE FINANCIAL STATEMENTS

19. FINANCIAL INSTRUMENTS (cont'd)

Currency risk (cont'd)

Sensitivity analysis

A strengthening/(weakening) of 10% in the following major currencies against the functional currency of each of the Group entities at 31 December would have increased/(decreased) equity and profit or loss (before any tax effects) by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2012, as indicated below.

	Group		Company	
	Equity	Profit	Equity	Profit
	\$	or loss	\$	or loss
		\$		\$
2013				
Malaysian Ringgit	(54,249)	(63,907)	–	(197,331)
Hong Kong Dollar	–	(1,984,537)	–	(1,485,174)
Australian Dollar	–	(1,012,616)	–	(1,040,888)
Singapore Dollar	3,943,459	213,700	–	–
US Dollar	–	88,288	–	(2,974)
Other currencies	–	3,077	–	(175)
2012				
Malaysian Ringgit	(57,287)	(374,697)	–	(531,938)
Hong Kong Dollar	–	(2,396,180)	–	(1,024,257)
Australian Dollar	–	53,006	–	–
Singapore Dollar	3,156,671	268,997	–	–
US Dollar	–	145,342	–	(1,782)
Other currencies	–	(6,211)	–	(165)

Interest rate risk

Risk management policy

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risks arise primarily from their loans and borrowings. The Group's policy is to maintain the bank borrowings to the minimum, and to obtain the most favourable interest rates available without increasing its foreign exchange exposure.

Surplus funds in the Group are placed in deposits with banks and are subject to interest rate risk.

128 NOTES TO THE FINANCIAL STATEMENTS

19. FINANCIAL INSTRUMENTS (cont'd)

Interest rate risk (cont'd)

Exposure to interest rate risk

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group		Company	
	Nominal amount		Nominal amount	
	2013	2012	2013	2012
	\$	\$	\$	\$
Fixed rate instruments				
Financial assets	2,616,000	2,524,800	9,116,000	11,524,800
Financial liabilities	(5,643,826)	(8,111,795)	–	–
	<u>(3,027,826)</u>	<u>(5,586,995)</u>	<u>9,116,000</u>	<u>11,524,800</u>
Variable rate instruments				
Financial assets	94,767,072	84,413,509	58,688,448	52,215,444
Financial liabilities	(18,931,166)	(18,559,172)	–	–
	<u>75,835,906</u>	<u>65,854,337</u>	<u>58,688,448</u>	<u>52,215,444</u>

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 1% in interest rate at the reporting date would have increased/(decreased) profit or loss (before any tax effects) by the amounts shown below. There is no impact on equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

	Group		Company	
	1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$
2013				
Variable rate instruments	758,359	(758,359)	586,884	(586,884)
2012				
Variable rate instruments	658,543	(658,543)	522,154	(522,154)

Sensitivity analysis - equity price risk

The available-for-sale financial assets and financial assets designated at fair value through profit or loss of the Group and the Company relate to investments in quoted equity securities and are listed on the Singapore Stock Exchange and/or Hong Kong Stock Exchange.

NOTES TO THE FINANCIAL STATEMENTS

19. FINANCIAL INSTRUMENTS (cont'd)

Sensitivity analysis - equity price risk (cont'd)

A 10% increase/(decrease) in the underlying equity prices at the reporting date would increase/(decrease) profit before tax and equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2012.

	Group		Company	
	10% increase \$	10% decrease \$	10% increase \$	10% decrease \$
2013				
Profit before tax	496,917	(496,917)	496,917	(496,917)
Equity	241,412	(241,412)	167,813	(167,813)
2012				
Profit before tax	366,320	(366,320)	366,320	(366,320)
Equity	179,405	(179,405)	125,005	(125,005)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders value. Capital consists of total equity and excluding non-controlling interests of the Group.

The Group manages its capital structure and makes alignment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may align the dividend payment to shareholders, return capital to shareholders or issue new shares.

There were no changes in the Group's approach to capital management during the year.

As disclosed in note 17, a subsidiary of the Group is required by the Foreign Enterprise Law of the People's Republic of China (the "PRC") to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary for the financial years ended 31 December 2013 and 2012.

130 NOTES TO THE FINANCIAL STATEMENTS

19. FINANCIAL INSTRUMENTS (cont'd)

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	Loans and receivables \$	Available- for-sale \$
Group		
2013		
Cash and cash equivalents	118,860,961	—
Loans and receivables	144,247,854	—
Available-for-sale financial assets	—	2,414,125
Financial assets designated at fair value through profit or loss	—	—
Held-to-maturity investments	—	—
	<u>263,108,815</u>	<u>2,414,125</u>
Bank overdrafts	—	—
Secured bank loans	—	—
Unsecured bank loans	—	—
Bills payable	—	—
Finance lease liabilities	—	—
Loan from non-controlling interests	—	—
Trade and other payables	—	—
	<u>—</u>	<u>—</u>
Group		
2012		
Cash and cash equivalents	110,397,869	—
Loans and receivables	121,426,211	—
Available-for-sale financial assets	—	1,794,046
Financial assets designated at fair value through profit or loss	—	—
Held-to-maturity investments	—	—
Assets held for sale	—	11,520,000
	<u>231,824,080</u>	<u>13,314,046</u>
Bank overdrafts	—	—
Secured bank loans	—	—
Unsecured bank loans	—	—
Bills payable	—	—
Finance lease liabilities	—	—
Trade and other payables	—	—
	<u>—</u>	<u>—</u>

Designated at fair value \$	Held-to- maturity \$	Other financial liabilities \$	Total carrying amount \$	Fair value \$
—	—	—	118,860,961	118,860,961
—	—	—	144,247,854	144,247,854
—	—	—	2,414,125	2,414,125
4,969,174	—	—	4,969,174	4,969,174
—	2,616,000	—	2,616,000	2,728,002
4,969,174	2,616,000	—	273,108,114	273,220,116
—	—	2,714,510	2,714,510	2,714,510
—	—	10,663,483	10,663,483	10,663,483
—	—	9,881,859	9,881,859	9,881,859
—	—	15,091,475	15,091,475	15,091,475
—	—	688,048	688,048	688,048
—	—	627,092	627,092	627,092
—	—	99,960,707	99,960,707	99,960,707
—	—	139,627,174	139,627,174	139,627,174
—	—	—	110,397,869	110,397,869
—	—	—	121,426,211	121,426,211
—	—	—	1,794,046	1,794,046
3,663,195	—	—	3,663,195	3,663,195
—	2,524,800	—	2,524,800	2,697,290
—	—	—	11,520,000	11,520,000
3,663,195	2,524,800	—	251,326,121	251,498,611
—	—	2,365,452	2,365,452	2,365,452
—	—	12,037,875	12,037,875	12,037,875
—	—	9,029,984	9,029,984	9,029,984
—	—	13,592,626	13,592,626	13,592,626
—	—	3,237,656	3,237,656	3,237,656
—	—	82,019,863	82,019,863	82,019,863
—	—	122,283,456	122,283,456	122,283,456

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19. FINANCIAL INSTRUMENTS (cont'd)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

	Loans and receivables \$	Available- for-sale \$
Company		
2013		
Cash and cash equivalents	68,428,261	—
Loan to a subsidiary	3,500,000	—
Loans and receivables	79,956,385	—
Available-for-sale financial assets	—	1,678,125
Financial assets designated at fair value through profit or loss	—	—
Held-to-maturity investments	—	—
	<u>151,884,646</u>	<u>1,678,125</u>
Trade and other payables	—	—
2012		
Cash and cash equivalents	57,073,667	—
Loan to subsidiary	6,500,000	—
Loans and receivables	88,459,411	—
Available-for-sale financial assets	—	1,250,046
Financial assets designated at fair value through profit or loss	—	—
Held-to-maturity investments	—	—
	<u>152,033,078</u>	<u>1,250,046</u>
Trade and other payables	—	—

Designated at fair value \$	Held-to- maturity \$	Other financial liabilities \$	Total carrying amount \$	Fair value \$
—	—	—	68,428,261	68,428,261
—	—	—	3,500,000	3,576,818
—	—	—	79,956,385	79,956,385
—	—	—	1,678,125	1,678,125
4,969,174	—	—	4,969,174	4,969,174
—	2,616,000	—	2,616,000	2,728,002
4,969,174	2,616,000	—	161,147,945	161,336,765
—	—	22,568,116	22,568,116	22,568,116
—	—	—	57,073,667	57,073,667
—	—	—	6,500,000	6,623,772
—	—	—	88,459,411	88,459,411
—	—	—	1,250,046	1,250,046
3,663,195	—	—	3,663,195	3,663,195
—	2,524,800	—	2,524,800	2,697,290
3,663,195	2,524,800	—	159,471,119	159,767,381
—	—	20,290,429	20,290,429	20,290,429

134 NOTES TO THE FINANCIAL STATEMENTS

19. FINANCIAL INSTRUMENTS (cont'd)

Valuation processes applied by the Group

The Group has an established control framework with respect to the measurement of fair values. The Group Financial Controller has overall responsibility for all significant fair value measurements, including Level 3 fair values, where applicable.

The Group Financial Controller regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, when applicable, were as follows:

	2013 %	2012 %
Held-to-maturity investments	6.9	5.2
Loan to a subsidiary	3.3	4.0
Secured bank loans	6.4 – 7.4	5.6 – 7.9
Finance lease liabilities	4.8 – 7.9	4.8 – 7.9

Fair value hierarchy

The tables below analyse fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques. The different levels are defined as follows:

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

Level 1
\$

Financial assets and financial liabilities carried at fair value

Group 2013

Equity securities:	
- Available-for-sale	2,414,125
- Designated at fair value through profit or loss	4,969,174
Total assets	<u>7,383,299</u>

2012

Equity securities:	
- Available-for-sale	1,794,046
- Designated at fair value through profit or loss	3,663,195
Total assets	<u>5,457,241</u>

NOTES TO THE FINANCIAL STATEMENTS

19. FINANCIAL INSTRUMENTS (cont'd)

Fair value hierarchy (cont'd)

Level 1
\$

Financial assets and financial liabilities carried at fair value

Company

2013

Equity securities:

- Available-for-sale

1,678,125

- Designated at fair value through profit or loss

4,969,174

Total assets

6,647,299

2012

Equity securities:

- Available-for-sale

1,250,046

- Designated at fair value through profit or loss

3,663,195

Total assets

4,913,241

Level 2
\$

Financial assets and financial liabilities not carried at fair value but for which fair values are disclosed*

Group

2013

Held-to-maturity investments

2,728,002

Secured bank loans

10,663,483

Finance lease liabilities

688,048

11,351,531

2012

Held-to-maturity investments

2,697,290

Secured bank loans

12,037,875

Finance lease liabilities

3,237,656

15,275,531

Company

2013

Held-to-maturity investments

2,728,002

Loan to a subsidiary

3,576,818

6,304,820

2012

Held-to-maturity investments

2,697,290

Loan to a subsidiary

6,623,772

9,321,062

136 NOTES TO THE FINANCIAL STATEMENTS

19. FINANCIAL INSTRUMENTS (cont'd)

Fair value hierarchy (cont'd)

* Excludes financial assets and liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

The valuation techniques and the inputs used in the fair value measurements of the financial assets and financial liabilities for measurement and/or disclosure purposes are set out in note 29.

During the financial years ended 31 December 2013 and 31 December 2012, there were no transfers between Level 1 and Level 2.

20. EQUITY COMPENSATION BENEFITS

The Hanwell Executives' Share Option Scheme ("the Scheme") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 8 July 2003. The Scheme is administered by the Company's Remuneration Committee, comprising three directors, Tao Yeoh Chi (Chairman), Chee Teck Kwong Patrick and John Chen Seow Phun.

The Scheme has expired on 8 July 2013 and the expiry of the Scheme will not affect any option granted and duly accepted but yet exercised, whether in whole or in part by the Directors or the employees of the Group. The share options previously granted will expire on 21 January 2019.

As at the reporting date, all options granted have vested and are to be settled by physical delivery of shares.

At the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price of the option	Options outstanding at 01/01/2013	Options exercised	Options cancelled	Options outstanding at 31/12/2013	Number of option holders at 31/12/2013	Exercise period
20/08/2003	\$0.22	1,100,000	(1,100,000)	–	–	–	20/08/2004 – 19/08/2013
22/01/2009	\$0.16	10,200,000	–	–	10,200,000	3	22/01/2010 – 21/01/2019
22/01/2009	\$0.16	500,000	–	–	500,000	1	22/01/2010 – 21/01/2014
		11,800,000	(1,100,000)	–	10,700,000		

NOTES TO THE FINANCIAL STATEMENTS

20. EQUITY COMPENSATION BENEFITS (cont'd)

Inputs for measurement of grant date fair values

The grant date fair value of the options was measured based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair value at grant date of the options were as follows:

	2003	2009
Fair value of share options and assumptions		
Fair value at grant date	\$0.27	\$0.04 - \$0.05
Share price at grant date	\$0.44	\$0.16
Exercise price	\$0.22	\$0.16
Expected volatility (weighted average volatility)	36.0%	36.0%
Option life (expected weighted average life)	5.90 years	6.61 years
Expected dividends	2%	2%
Risk-free interest rate (based on government bonds)	3.2%	1.1% - 1.5%

The options outstanding as at 31 December 2013 have an exercise price of \$0.16 (2012: ranging from \$0.16 to \$0.22) and a weighted average contractual life of 4.8 years (2012: 5.3 years).

The weighted average share price at the date of the exercise for share options exercised in 2013 was \$0.28 (2012: \$0.29).

21. DEFERRED INCOME

	2013 \$	Group 2012 \$
Government grants	1,285,049	1,317,354
Non-current	1,174,811	1,211,566
Current	110,238	105,788
	1,285,049	1,317,354

Included in deferred income are deferred capital grant relating to subsidiaries received for the acquisition of factory building and plant and machinery by subsidiaries. The grant is amortised to match the depreciation of the related property, plant and equipment acquired. There are no unfulfilled conditions or contingencies attached to this grant.

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22. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Trade payables	73,160,992	51,217,770	7,721,262	4,865,998
Amounts due to:				
- subsidiaries (trade)	—	—	20,305	1,205,026
- subsidiaries (non-trade)	—	—	9,459,206	8,999,413
Other payables	9,725,777	14,290,508	2,971,332	3,173,905
Accruals	17,073,938	16,511,585	2,396,009	2,046,087
	<u>99,960,707</u>	<u>82,019,863</u>	<u>22,568,114</u>	<u>20,290,429</u>

The non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

The Group's and the Company's exposure to currency and liquidity risk related to trade and other payables are disclosed in note 19.

23. REVENUE

	Group	
	2013 \$	2012 \$
Sale of goods	403,118,152	378,110,930
Revenue from construction contracts and healthcare consultancy	197,409	393,400
	<u>403,315,561</u>	<u>378,504,330</u>

NOTES TO THE FINANCIAL STATEMENTS

24. PROFIT /(LOSS) FOR THE YEAR

The following items have been included in arriving at profit /(loss) for the year:

	Note	2013 \$	Group 2012 \$
Allowance made/(reversed) for doubtful receivables			
- trade receivables		(186,450)	2,342,004
- other receivables		1,155,709	1,453,648
- amounts due from associates		(563,704)	9,127,991
Allowance for inventory obsolescence		603,952	3,177,971
Audit fees paid to:			
- auditors of the Company		386,100	360,049
- other auditors		173,659	210,871
Non-audit fees paid to:			
- auditors of the Company		46,774	87,715
- other auditors		81,062	83,133
Bad debts (recovered)/written off		(3,962)	118,048
Contribution to defined contribution plans included in staff costs		3,289,571	3,004,078
Cost of inventories included in cost of sales		314,478,061	300,516,661
Depreciation of investment properties	6	26,252	26,738
Depreciation of property, plant and equipment	4	8,314,529	9,842,385
Exchange (gain)/loss (net)		(3,092)	658,849
Loss/(gain) on disposal of:			
- an associate		–	603,628
- property, plant and equipment		193,326	(700,854)
Gain on reclassification of investment in an associate to available-for-sale investment		–	(328,064)
Operating expenses arising from rental of investment properties		12,651	15,195
Operating lease expense		8,211,192	6,238,012
Impairment allowance (reversed)/made on property, plant and equipment	4	(145,362)	644,224
Property, plant and equipment written off		103,107	175,827
Rental income from investment property		(55,405)	(133,707)
Staff costs		49,919,078	45,729,901

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25. FINANCE INCOME AND FINANCE COSTS

	Note	2013 \$	Group 2012 \$
Recognised in profit or loss			
Interest income:			
- held-to-maturity investments		1,304,488	1,594,050
- fixed deposits		777,233	325,496
Dividend income on available-for-sale financial assets		1,504	1,371
Gain on disposal of financial assets designated at fair value through profit or loss		–	667,935
Change in fair value of financial assets designated at fair value through profit or loss		1,305,978	1,103,194
Finance income		3,389,203	3,692,046
Interest expense:			
- bank borrowings		(2,209,817)	(1,763,829)
- finance lease liabilities		(118,313)	(106,985)
Impairment loss on available-for-sale financial assets	8	–	(10,572,071)
Others		(15,000)	–
Finance costs		(2,343,130)	(12,442,885)
Net finance income/(costs) recognised in profit or loss		1,046,073	(8,750,839)
The above finance income and finance expense included the following interest income and expense in respect of assets (liabilities) not at fair value through profit or loss:			
- Total interest income on financial assets		2,081,721	1,919,546
- Total interest expense on financial liabilities		2,328,130	1,870,814

26. TAX EXPENSE

	2013 \$	Group 2012 \$
Tax recognised in profit or loss		
Current tax expense		
Current year	5,092,663	4,222,608
Under/(Over) provided in prior years	71,457	(800,199)
	5,164,120	3,422,409
Deferred tax credit		
Origination and reversal of temporary differences	(1,246,156)	(702,462)
Over provided in prior years	(297,173)	(198,070)
Others	(5,376)	23,840
	(1,548,705)	(876,692)
Total tax expense	3,615,415	2,545,717

NOTES TO THE FINANCIAL STATEMENTS

26. TAX EXPENSE (cont'd)

Reconciliation of effective tax rate

	Group	
	2013 \$	2012 \$
Profit/(Loss) for the year	11,647,592	(25,413,290)
Total tax expense	3,615,415	2,545,717
Profit/(Loss) excluding tax	15,263,007	(22,867,573)
Tax calculated using Singapore tax rate of 17% (2012: 17%)	2,594,711	(3,887,487)
Effect of different tax rates in other countries	927,592	(219,325)
Income not subject to tax	(122,167)	(456,683)
Tax effect on share of results of associates	130,690	1,145,107
Expenses not deductible for tax purposes	780,380	5,429,168
Tax rebates and incentives	(288,300)	(356,880)
Deferred tax assets not recognised	388,561	1,901,958
Over provided in prior years	(225,716)	(998,270)
Recognition of tax effect of previously unrecognised tax losses	(581,902)	–
Others	11,566	(11,871)
	3,615,415	2,545,717

27. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 31 December 2013 was based on the profit attributable to ordinary shareholders of \$6,638,375 (2012: loss of \$27,224,728), and a weighted average number of ordinary shares outstanding of 554,161,943 (2012: 555,817,189), calculated as follows:

Weighted average number of ordinary shares (basic)

	Note	Group	
		2013	2012
Issued ordinary shares at 1 January	17	555,828,746	556,041,746
Effect of treasury shares purchased		(1,994,666)	(896,415)
Effect of share options exercised		327,863	671,858
Weighted average number of ordinary shares during the year		554,161,943	555,817,189

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27. EARNINGS PER SHARE (cont'd)

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2013 was based on profit attributable to ordinary shareholders of \$6,638,375 and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 558,931,339, calculated as follows:

Weighted average number of ordinary shares (diluted)

**Group
2013**

Weighted average number of ordinary shares (basic)	554,161,943
Effect of share options on issue	4,769,396
Weighted average number of ordinary shares (diluted) during the year	<u>558,931,339</u>

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

As at 31 December 2012, the share options were excluded from diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

28. OPERATING SEGMENTS

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

I Consumer Essentials

Consumer Business : Supply of provisions and household consumer products, retail franchising, manufacture and sale of soya bean products and noodles.

Health Solutions : Construction of hospital turnkey projects and provision of health-care consultancy and hospital management services.

II Strategic Investments Packaging : Manufacture and sale of corrugated paper products and other packaging products.

Other operations include investment holding, property investment and property-related activities. None of these segments meet any of the quantitative thresholds for determining reportable segments in 2013 and 2012.

NOTES TO THE FINANCIAL STATEMENTS

28. OPERATING SEGMENTS (cont'd)

Information regarding the results of each reportable segment is included below. Performance is measured based on results from operating activities, as included in the internal management reports that are reviewed by the Board of Directors. Segment results from operating activities is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

	← Consumer Consumer Business \$	Essentials → Health Solutions \$	Strategic Investments Packaging \$	Others \$	Total operations \$
Group 2013					
External revenues	187,544,273	197,409	215,573,879	–	403,315,561
Results from operating activities	1,018,043	(1,849,231)	16,794,501	(977,614)	14,985,699
Net finance income					1,046,073
Share of losses of associates (net of tax)					(768,765)
Profit before tax					15,263,007
Tax expense					(3,615,415)
Profit for the year					11,647,592

Other segment information

Allowance made/(reversed) for doubtful receivables:					
- trade receivables	(82,577)	–	(103,873)	–	(186,450)
- other receivables	–	–	–	1,155,709	1,155,709
- amounts due from associates	–	(563,704)	–	–	(563,704)
Allowance made/(reversed) for inventory obsolescence	152,926	–	(62,435)	–	90,491
Inventories written off	413,072	–	100,389	–	513,461
Bad debts written off	708	–	–	–	708
Depreciation of:					
- property, plant and equipment	2,535,221	14,839	5,764,469	–	8,314,529
- investment properties	–	–	–	26,252	26,252
Impairment allowance made/(reversed) on property, plant and equipment	59,500	–	(204,862)	–	(145,362)
Property, plant and equipment written off	8,497	16,770	77,840	–	103,107
Capital expenditure on property, plant and equipment	1,040,944	–	9,414,593	–	10,455,537

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28. OPERATING SEGMENTS (cont'd)

	←Consumer Consumer Business \$	Essentials→ Health Solutions \$	Strategic Investments Packaging \$	Others \$	Total operations \$
Group 2012					
External revenues	198,276,837	393,400	179,834,093	–	378,504,330
Results from operating activities	(3,866,599)	(12,206,121)	10,196,147	(1,510,783)	(7,387,356)
Net finance costs					(8,750,839)
Share of losses of associates (net of tax)					(6,729,378)
Loss before tax					(22,867,573)
Tax expense					(2,545,717)
Loss for the year					<u>(25,413,290)</u>
Other segment information					
Allowance for doubtful receivables:					
- trade receivables	521,305	1,467,023	353,676	–	2,342,004
- other receivables	–	–	–	1,453,648	1,453,648
- amounts due from associates	–	9,127,991	–	–	9,127,991
Allowance made/(reversed) for inventory obsolescence	3,216,526	–	(38,555)	–	3,177,971
Bad debts written off	173,254	7,165	–	–	180,419
Depreciation of:					
- property, plant and equipment	4,626,552	25,955	5,189,878	–	9,842,385
- investment properties	–	–	–	26,738	26,738
Impairment losses on property, plant and equipment	109,208	–	535,016	–	644,224
Property, plant and equipment written off	80,111	1,262	94,454	–	175,827
Capital expenditure on property, plant and equipment	1,862,041	3,692	15,138,221	–	17,003,954
Other non-cash expenses/(income)	–	8,033	3,000	(328,064)	(317,031)

NOTES TO THE FINANCIAL STATEMENTS

28. OPERATING SEGMENTS (cont'd)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers or investments, where appropriate. Segment non-current assets are based on geographical location of the assets.

	Singapore \$	Malaysia \$	China \$	Total \$
2013				
External revenue	167,802,204	60,358,716	175,154,641	403,315,561
Non-current assets	21,751,098	4,109,996	50,799,667	76,660,761
2012				
External revenue	178,692,914	60,696,306	139,115,110	378,504,330
Non-current assets	21,896,134	4,229,707	91,147,355	117,273,196

29. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Equity and debt securities

The fair value of available-for-sale financial assets and financial assets designated at fair value through profit or loss are based on their quoted closing bid price at the reporting date.

(ii) Investment properties

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

The valuations as at 31 December 2013 were performed by independent professional valuers and based on the comparison method. In relying on the valuation reports, the directors have exercised their judgement and are satisfied that the valuation methods and estimates used are reflective of the current market conditions. The valuations of the investment properties as at 31 December 2012 were based on the directors' assessment of the fair values of the investment properties.

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29. DETERMINATION OF FAIR VALUES (cont'd)

(iii) Loans and borrowings

The carrying amounts of loans and borrowings with a maturity of less than one year or where interest rates reprice within 6 months are assumed to approximate their fair values because of the short period to maturity repricing.

(iv) Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, held-to-maturity investments in debt securities, trade and other payables and loans and borrowings) approximate their fair values. The fair values of all other financial assets and liabilities are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

(v) Share-based payment transactions

The fair value of the employee share options is measured using the Black-Scholes formula. Measurement inputs include share price on the measurement date, the exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

(vi) Fair value hierarchy

Fair value and fair value hierarchy information on financial instruments are disclosed in note 19.

The table below analyses recurring non-financial assets not carried at fair value but for which fair values are disclosed. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

	Level 3	
	2013	2012
	\$	\$
Investment property	1,674,737	1,598,680

NOTES TO THE FINANCIAL STATEMENTS

29. DETERMINATION OF FAIR VALUES (cont'd)

(vi) Fair value hierarchy (cont'd)

The following table shows the key unobservable input used in the valuation of investment property as at 31 December 2013:

Valuation technique	Unobservable input	Inter-relationship between key unobservable inputs and fair value measurement
Comparison method	Price per square foot	Significant increases in price per square foot would result in a significantly higher fair value measurement.

30. OPERATING LEASES

Leases as lessee

Future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Within one year	6,998,713	7,137,466	1,123,353	751,470
Between one and five years	14,789,587	16,435,104	4,520,835	2,907,031
More than five years	17,959,258	17,309,459	8,882,472	6,632,246
	<u>39,747,558</u>	<u>40,882,029</u>	<u>14,526,660</u>	<u>10,290,747</u>

Included in the commitments for future minimum lease payments is annual land rent relating to the leasehold building owned by the Company built on land subject to a 60-year lease commencing from 1 May 1967. The annual land rent currently payable under the lease agreement is \$1,065,897 (2012: \$710,598).

Leases as lessor

The Group leases out certain of its property, plant and equipment and investment properties (see notes 4 and 6). The future minimum lease payments receivable under non-cancellable leases are as follows:

	Group		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Within one year	<u>–</u>	<u>10,994</u>	<u>–</u>	<u>–</u>

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31. CAPITAL COMMITMENTS

At 31 December, the Group and the Company have the following commitments:

Capital commitments in respect of purchase of property, plant and equipment:

	Group		Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
Contracted but not provided for	2,043,400	2,343,453	209,752	233,752

32. RELATED PARTIES

Key management personnel compensation

Compensation paid/payable to key management personnel comprise:

	Group	
	2013	2012
	\$	\$
Director fees	705,200	672,559
Short-term employee benefits	5,610,669	5,693,946
Post-employment benefits	168,231	164,965
	<u>6,484,100</u>	<u>6,531,470</u>

The key management personnel comprise the executive and non-executive directors, senior vice presidents, group financial controller of the Company and the directors and vice presidents of certain major subsidiaries.

Other related party transactions

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

	Group	
	2013	2012
	\$	\$
Associates		
Sales	(197,409)	(374,293)
Rental income received/receivable	—	(189,273)

33. SUBSEQUENT EVENT

In March 2014, the Group entered into a sale and purchase agreement to dispose of its interest in Million Cube Limited for a consideration of \$50.1 million (HK\$307 million). Under the terms of the agreement, the consideration will be paid in tranches with the final balance consideration payable on 31 December 2014 or such other dates as mutually agreed in writing by the Group and the buyer. On completion of the transaction, which is expected to be on 31 December 2014 or such other dates as mutually agreed in writing by the Group and the buyer, the gain on disposal is estimated to be \$3.8 million (net of disposal costs).

SUPPLEMENTARY INFORMATION

(SGX Listing Manual disclosure requirements)

1 GROUP PROPERTIES

Description of properties held by the Group is as follows:

Location	Description	Tenure
348 Jalan Boon Lay, Singapore 619529	Two-storey warehouse with annexed office block used by the Group both for its operations and for rental income	60-year lease from 1 May 1967 and an option to renew for 22 years, 3 months and 30 days
348 Jalan Boon Lay, Singapore 619529	Single-storey factory used by a subsidiary for its operations	60-year lease from 1 May 1967 and an option to renew for 22 years, 3 months and 30 days
Lot MLO 1101 and MLO 4177, Kampong Bukit Batu, Kulai, Johor, Malaysia	Factory used by a subsidiary for its operations	Freehold
Lot MLO 1102, Mukim of Sedenak, Kulai, Johor, Malaysia	Vacant land	Freehold
Lot MLO 1103, Mukim Bukit Batu, Kulai, Johor, Malaysia	Vacant land	Freehold
Wilayah Pengembangan Sekupang Patam, Batam, Indonesia	Vacant land	30-year lease from 11 March 1986
Suzhou Jiangsu Province, Wanting Town, 88 Wendu Road, People's Republic of China Postal Code 215155	Factory premises, office building, dormitory and development	- 58,798.6 sq m on 50-year lease expiring on 4 September 2047

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(SGX Listing Manual disclosure requirements)

1 GROUP PROPERTIES (cont'd)

Location	Description	Tenure
105 Zipeng Road HeFei Eco-Tech Development Zone, Anhui Province, People's Republic of China Postal Code 230601	Factory premises, office building	- 35,800 sq m on 48-year lease expiring on August 2053 - 13,600 sq m on 49-year and 8 months lease expiring on 8 December 2056
Jiangsu Province, Nantong City, Xiting Town, Ting Nan Heng Road, People's Republic of China Postal Code 226301	Factory premises, office building	- 26,586 sq m on 50-year lease expiring on 18 March 2060
257 Jing Yi Lu, Tianjin Airport Economic Development Zone, Tianjin, People's Republic of China Postal Code 300303	Factory premises, office building	- 33,233 sq m on 50-year lease expiring on 3 April 2062
Units 233, 237, 254, 326, 358, 3A30, 3A31 Cinta Ayu Resort Apartments, all situated at 20 KM, Jalan Pontian Lama 81110 Pulau, Johor, Malaysia	Apartments	Freehold

2 MATERIAL CONTRACTS

There are no other material contracts entered into between the Company and its subsidiaries during the financial year involving the interest of the chief executive officer, executive director or each director of the Company.

资产负债表

于2013年12月31日

		集团		公司	
	附注	2013 \$	2012 \$	2013 \$	2012 \$
资产					
产业及机器设备	4	74,425,025	70,110,583	11,627,364	13,050,180
无形资产	5	1,139,382	1,070,463	—	—
物业投资	6	1,096,354	1,163,213	—	—
子公司	7	—	—	42,161,265	43,847,431
子公司的贷款	7	—	—	3,500,000	6,500,000
联号公司	8	—	44,928,937	—	—
其他金融资产	9	5,030,125	4,318,846	4,294,125	3,774,846
递延税款资产	10	1,794,643	891,506	—	—
非流动资产合计		83,485,529	122,483,548	61,582,754	67,172,457
存货	11	40,458,882	33,888,590	6,437,834	4,066,961
应收账款及其它应收款	12	147,362,574	126,311,574	80,310,940	88,488,001
其它金融资产	9	4,969,174	3,663,195	4,969,174	3,663,195
现金和现金等同物	15	118,860,961	110,397,869	68,428,261	57,073,667
持有的待售资产	16	47,045,667	11,520,000	—	—
流动资产合计		358,697,258	285,781,228	160,146,209	153,291,824
资产合计		442,182,787	408,264,776	221,728,963	220,464,281
股东权益					
股本	17	200,001,493	200,968,831	200,001,493	200,968,831
储备	17	56,433,972	44,402,501	(840,644)	(1,191,656)
归属于公司业主的股东权益		256,435,465	245,371,332	199,160,849	199,777,175
少数股东权益		40,953,385	34,778,251	—	—
股东权益合计		297,388,850	280,149,583	199,160,849	199,777,175
负债					
贷款与借贷	18	2,493,734	3,590,717	—	—
递延收益	21	1,174,811	1,211,566	—	—
递延应付税款	10	2,071,039	2,730,065	—	396,677
非流动负债合计		5,739,584	7,532,348	—	396,677
贷款与借款	18	37,172,733	36,672,876	—	—
应付账款和其他应付款	22	99,960,707	82,019,863	22,568,114	20,290,429
递延收益	21	110,238	105,788	—	—
本期应付税款		1,810,675	1,784,318	—	—
流动负债合计		139,054,353	120,582,845	22,568,114	20,290,429
负债合计		144,793,937	128,115,193	22,568,114	20,687,106
负债及股东权益合计		442,182,787	408,264,776	221,728,963	220,464,281

附注内容是财务报表的组成部分之一。

	附注	2013 \$	2012 \$
收入	23	403,315,561	378,504,330
售出产品成本		(317,330,741)	(303,217,294)
毛利		<u>85,984,820</u>	<u>75,287,036</u>
其它收入		2,128,496	3,789,810
分销费用		(42,754,746)	(41,258,439)
行政费用		(29,664,310)	(30,254,432)
其他费用		(708,561)	(14,951,331)
营业活动之盈利		<u>14,985,699</u>	<u>(7,387,356)</u>
金融收入		3,389,203	3,692,046
金融费用		(2,343,130)	(12,442,885)
净金融收入/(损失)	25	<u>1,046,073</u>	<u>(8,750,839)</u>
联号公司损失分派(税后)		(768,765)	(6,729,378)
税前盈利/(损失)		<u>15,263,007</u>	<u>(22,867,573)</u>
所得税	26	(3,615,415)	(2,545,717)
本期盈利/(损失)	24	<u>11,647,592</u>	<u>(25,413,290)</u>
盈利/(损失) 可归属:			
公司业主		6,638,375	(27,224,728)
少数股东权益		5,009,217	1,811,438
本期盈利/(损失)		<u>11,647,592</u>	<u>(25,413,290)</u>
每股盈利			
每股盈利基数(分)	27	1.20	(4.90)
每股盈利摊薄(分)	27	1.19	(4.90)

SHAREHOLDING STATISTICS

19 March 2014

Number of Issued and Fully Paid Shares excluding Treasury Shares	:	553,415,746
Class of Shares	:	Ordinary Shares with equal voting rights
Issued and Fully Paid Share Capital	:	S\$204,470,551.15

SUBSTANTIAL SHAREHOLDERS as at 19 March 2014

SUBSTANTIAL SHAREHOLDERS	NUMBER OF SHARES HELD DIRECT INTEREST	DEEMED INTEREST	SHAREHOLDING PERCENTAGE %
Violet Profit Holdings Limited	134,112,551	-	24.23
Ku Yun-Sen ⁽¹⁾	-	134,112,551	24.23
Tang Cheuk Chee ⁽²⁾	49,449,500	49,498,000	17.88
Allan Yap ⁽³⁾	1,000,000	97,947,500	17.88
Goi Seng Hui	83,713,404	-	15.13

Notes:

⁽¹⁾ Ku Yun-Sen is deemed to be interested in 134,112,551 shares held by Violet Profit Holdings Limited in the capital of the Company, by virtue of Section 7(4) of the Companies Act, Cap. 50.

⁽²⁾ Tang Cheuk Chee is deemed to be interested in 48,498,000 shares collectively held by Sino Diamond International Co., Ltd and Widelead International Limited, by virtue of Section 7(4) of the Companies Act, Cap. 50 and 1,000,000 shares held by her spouse, Allan Yap in the capital of the Company.

⁽³⁾ Allan Yap is deemed to be interested in 97,947,500 shares held by his spouse, Tang Cheuk Chee in the capital of the Company.

DIRECTORS' SHAREHOLDING as at 21 January 2014

DIRECTORS	HOLDINGS IN THE NAME OF DIRECTOR OR IN WHICH DIRECTOR HAS A DIRECT INTEREST	HOLDINGS IN WHICH THE DIRECTOR IS DEEMED TO HAVE AN INTEREST
Allan Yap	1,000,000	97,947,000
Tang Cheuk Chee	49,449,500	49,498,000
Chan Sek Nin Jackey	500,000	-
Lien Kait Long	5,530	-

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ANALYSIS OF SHAREHOLDERS as at 19 March 2014

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	2,121	24.20	826,904	0.15
1,000 – 10,000	4,599	52.48	18,922,319	3.42
10,001 – 1,000,000	2,022	23.07	94,870,887	17.14
1,000,001 and above	22	0.25	438,795,636	79.29
	8,764	100.00	553,415,746	100.00

TREASURY SHARES

Total Number of Ordinary Shares held in treasury ("Treasury Shares")	:	17,581,000
Voting Right	:	None
Percentage of this holding against total number of issued shares excluding Treasury Shares	:	3.18%

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 19 March 2014, 42.73 % of the issued ordinary shares of the Company is held by the public. Rule 723 of the Listing Manual issued by SGX-ST is therefore complied with.

MAJOR SHAREHOLDERS LIST – TOP 20 as at 19 March 2014

NO.	NAME OF SHAREHOLDER	NO. OF SHARES HELD	%
1.	CIMB Securities (Singapore) Pte Ltd	136,145,092	24.60
2.	DBS Vickers Securities (S) Pte Ltd	99,554,966	17.99
3.	Goi Seng Hui	83,713,404	15.13
4.	Tang Cheuk Chee	49,449,500	8.94
5.	United Overseas Bank Nominees Pte Ltd	11,638,069	2.10
6.	DBS Nominees Pte Ltd	9,898,744	1.79
7.	Citibank Nominees Singapore Pte Ltd	9,660,061	1.75
8.	UOB Kay Hian Pte Ltd	8,571,963	1.55
9.	OCBC Nominees Singapore Private Limited	4,897,746	0.89
10.	Chew Ghim Bok	3,769,000	0.68
11.	Representations International (HK) Ltd	3,000,000	0.54
12.	Econ Healthcare Pte Ltd	2,996,700	0.54
13.	United 18 Investments Pte Ltd	2,700,000	0.49
14.	Leow Kim Siang or Ng May Choo	2,307,000	0.42
15.	Tan Wai See	1,995,000	0.36
16.	Sim Teng Yam	1,665,000	0.30
17.	OCBC Securities Private Ltd	1,481,458	0.27
18.	Phillip Securities Pte Ltd	1,104,077	0.20
19.	Eyu Chin Wat @ Yeo An Hai or Lim Siew Lian	1,100,000	0.20
20.	HL Bank Nominees (S) Pte Ltd	1,084,000	0.20
		436,731,780	78.94

NOTICE OF ANNUAL GENERAL MEETING

HANWELL HOLDINGS LIMITED

(Company Registration No. 197400888M)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Fortieth Annual General Meeting of Hanwell Holdings Limited (the “**Company**”) will be held at 348 Jalan Boon Lay, Singapore 619529 on Friday, 25 April 2014 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and the Audited Accounts of the Company and the Group for the year ended 31 December 2013 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company retiring pursuant to Article 87 of the Articles of Association of the Company:
 - (i) Dr Allan Yap **(Resolution 2)**
 - (ii) Mr Tao Yeoh Chi **(Resolution 3)**
 - (iii) Mr Chan Sek Nin Jackey **(Resolution 4)**

[See Explanatory Note (i)]
3. To approve the payment of Directors’ fees of S\$438,000 for the financial year ended 31 December 2013. (2012: S\$441,167) **(Resolution 5)**
4. To re-appoint KPMG LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**
5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

6. **Authority to issue new shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of Listing Manual of the Singapore Exchange Securities Trading Limited.**

That pursuant to Section 161 of the Companies Act, Chapter 50 (the “**Companies Act**”) and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), authority be and is hereby given to the Directors of the Company to:

- (a) (i) issue new shares in the capital of the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

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

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

(the “**Share Issue Mandate**”)

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a *pro rata* basis to existing shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares.
- (3) in exercising the Share Issue Mandate 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 of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) 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; or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments, whichever is earlier.

[SEE EXPLANATORY NOTE (iii)]

(Resolution 7)

7. Authority to issue shares under the Hanwell Executives’ Share Option Scheme

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under Hanwell Executives’ Share Option Scheme (the “**Scheme**”), whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from

NOTICE OF ANNUAL GENERAL MEETING

time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[SEE EXPLANATORY NOTE (iii)]

(Resolution 8)

8. **Renewal of Share Buyback Mandate**

That for the purposes of Sections 76C and 76E of the Companies Act, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued ordinary shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to 8% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as ascertained as at the date of Annual General Meeting of the Company) at the price of up to but not exceeding the Maximum Price as defined in the Company's letter to the shareholders dated 9 April 2014 (the "**Letter**"), in accordance with the terms of the Share Buyback Mandate set out in the Letter, and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until (i) 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; or (ii) the date on which the share purchases are carried out to the full extent mandated; or (iii) the time when the authority conferred by this mandate is revoked or varied by Shareholders in general meeting, whichever is earlier.

[SEE EXPLANATORY NOTE (iv)]

(Resolution 9)

By Order of the Board

Chew Kok Liang
Company Secretary
Singapore

9 April 2014

Explanatory Notes:

- (i) Dr Allan Yap will, upon re-election as Director of the Company, remain as the Executive Chairman of the Board and Executive Director.

Mr Tao Yeoh Chi will, upon re-election as Director of the Company, remain as Chairman of the Remuneration Committee and a member of the Audit Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

Mr Chan Sek Nin Jackey will, upon re-election as Director of the Company, remain as the Non-Executive Director and will be considered non-independent.

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- (ii) Resolution 7, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a *pro rata* basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

- (iii) Resolution 8, if passed, will empower the Directors of the Company to issue shares in the capital of the Company pursuant to the exercise of options granted under the Scheme which was approved at the Extraordinary General Meeting of the Company held on 8 July 2003. Pursuant to the Extraordinary General Meeting of the Company held on 28 September 2007, the maximum number of shares issued or to be issued for options under the Scheme had been changed to 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company.
- (iv) Resolution 9, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until (i) 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; or (ii) the date on which the share purchases are carried out to the full extent mandated; or (iii) the time when the authority conferred by this mandate is revoked or varied by Shareholders in general meeting, whichever is earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 8% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price as defined in the Letter. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition, including the amount of financing and financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial accounts of the Group for the financial year ended 31 December 2013 are set out in greater detail in the Letter to Shareholders attached to this Annual Report.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 348 Jalan Boon Lay, Singapore 619529 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

常年股东大会通告

恒威集团控股有限公司

(公司注册编号197400888M)

(于新加坡共和国注册成立)

恒威集团控股有限公司(“**本公司**”)第 40 届常年股东大会将于2014年4月25日(星期五)上午10时正, 于348号, 文礼路, 新加坡邮区619529举行。大会主要议程如下:

普通事项

1. 接纳截至2013年12月31日止年度之董事报告及经审核账目和审计师报告。 (决议案 1)
2. 根据公司章程第87条款, 重选以下本公司退休董事:
 - (i) Allan Yap 博士 (决议案 2)
 - (ii) Tao Yeoh Chi 先生 (决议案 3)
 - (iii) Chan Sek Nin Jackey 先生 (决议案 4)

[见附注 (i)]

3. 批准截至2013年12月31日止财政年之董事酬劳为S\$438,000。(2012年为: S\$441,167) (决议案 5)
4. 再次委任KPMG LLP会计公司为公司审计师, 并授权董事会决定其酬金。 (决议案 6)
5. 审议可在常年股东大会上获得适当审议的其他任何普通事项。

特别事项

仔细考虑且在适当情况下, 通过以下决议案为普通修正决议或无修正决议案:

6. 根据公司法第50章第161节以及《新加坡证券交易所上市指南》第806条所规定授权发行公司股本中的新股份。

据公司法第50章第161节(《公司法》)以及(《新加坡证券交易所上市指南》)第806条所规定, 授权公司董事:

- (a) (i) 发行公司股本之新股份(“**股票**”), 无论是以认股证、红利或其它方式发行; 以及/或
- (ii) 订立或授予可能需要或发行股票的配股、协议或股票认购权(统称为“**票据**”), 包括但不限于产生和发行(以及调整)股票认购权、认股权证、债券或其它可转换为股份的票据,

在公司董事认为适当之情况下, 于任何时候按相关条款向合适人士发行本公司之股份; 以及

(b) (尽管本决议案所赋予之授权可能已经失效) 在本决议案有效的情况下, 根据公司董事所订立或授予的任何票据发行股票,

(“股票发行授权”)

其条件如下:

- (1) 按本决议案所应发行之股份(包括按本决议案订立或授权的票据而发行的股份)和票据总数不得超过公司股本中已发行股份总数(不包括库存股在内)的百分之五十(50%)(按下节(2)计算),其中,不按比例发行给公司现有股东的股份和票据之总数不得超过公司股本中已发行股份总数(不包括库存股在内)的百分之二十(20%)(按下节(2)计算);
- (2) (按照新加坡证券交易所所指示之计算方式)为确定按上节(1)而可能发行股票和票据的总数, 已发行股份和票据的比例, 应参照以下股份进行调整之后, 根据在本决议案通过之时本公司股本中已发行股份的总数(不含库存股在内)进行计算:
 - (a) 可兑换证券或票据在转换或行使时所产生的新股份;
 - (b) 本决议案获得通过之时因行使的股票认购权获授予股票奖励而产生的未承兑新股份; 及
 - (c) 随后的任何花红分发、股份合并或拆分;
- (3) 在行使按本决议案所赋予之股票发行授权时, 公司应遵守现行之《新加坡证券交易所上市指南》的规定(除非新加坡证券交易所已免除该规定)及公司章程; 及
- (4) 除非股票发行授权在公司股东大会上遭撤销或修改, 否则, 应持续有效(i)至本公司下一届常年股东大会, 或依法律要求召开下一届常年股东大会日期为止; 或(ii)若属于按本决议案订立或授权的票据而应发行的股票, 则至依据该票据条款发行此类股票为止, 以较早者为准。

[见附注 (ii)]

(决议案 7)

7. 授权按恒威执行人员认股权计划发行股份

按公司法第161节及恒威执行人员认股权计划(“计划”)发行的认股权, 授权本公司董事会在任何时候配发和发行股份。包括只要所行使的认股权是在此决议案有效时发行的, 即使在行使认股权而须发行股份时, 此决议案所赋予的授权已经无效, 其条件是按此计划发行的股份总数在任何时候不得超过公司股本中(不包括库存股在内)已发行股份总数的百分之十五(15%)除非该授权在本公司股东大会上遭撤销或修改, 否则应持续有效, 至本公司下一届常年股东大会或依法律要求召开下一届常年股东大会日期为止, 以较早者为准。

[见附注 (iii)]

(决议案 8)

常年股东大会通告

8. 股票回购授权更新

根据《公司法》第76C和第76E节的规定，授权公司董事会以下不超过2014年4月9日致股东函件(“函件”)的股票回购授权条款中规定的最高收购价格，按任何平等机会计划，(无论在新加坡证券所收购或场外收购)收购公司股份资本中的已发行普通股，并不超过公司股本中已发行股份总数(不包括库存股在内)的百分之八(8%)(参照常年股东大会召开之日的股份总数)。除非该授权在本公司股东大会上遭撤销或修改，否则应持续有效，至(i)本公司下一届常年股东大会或依法律要求召开下一届常年股东大会日期；或(ii)全数行使授权而购买股份的日期；或(iii)股东于股东大会上撤销或更改此项授权所赋予的授权当日为止，以较早者为准。

[见附注 (iv)]

(决议案 9)

奉董事会令

Chew Kok Liang
公司秘书
于新加坡

2014年4月9日

附注:

(i) Allan Yap博士将于重选为公司董事后留任董事会执行主席及执行董事。

Tao Yeoh Chi先生在获得重选为公司董事后，继续担任薪酬委员会主席及审核委员会成员，并且依《新加坡证券交易所上市指南》第704(8)条所规定，被视为独立董事。

Chan Sek Nin Jackey先生将于重选为公司董事后，继续担任非执行董事。

(ii) 决议案7若通过，将授权本公司董事自本届常年股东大会之日起至下一届常年股东大会；或依法律要求召开之下一届常年股东大会日期，或此授权在本公司常年股东大会上遭修改或撤销之日为止(以较早者为准)，发行股份或定位或授予可转换为股票的票据和根据这类票据发行股份，其总数不得超过本公司股本中(不包括库存股在内)已发行股份总数的百分之五十(50%)，其中最高百分之二十(20%)可不按比例发行给本公司的现有股东。

在确定发行量累计股份数量时，公司股本中已发行股份的百分比，将根据本决议案获通过之时以及任何随后的股份合并或拆分时因转换或行使票据或任何其它可兑换证券、行使股票认购权获授予股票奖励而发行的未承兑新股份而调整之后，依据在本决议案获通过时公司股本中已发行股份总数(不包括库存股在内)计算。

- (iii) 决议案8若获通过，将授权公司董事按照2003年7月8日举行的公司临时全体会议上批准的2003年度恒威执行人员股票认购计划(Hanwell Executives' Share Option Scheme 2003)对所行使的股票认购权发行本公司股本中的股票。根据公司于2007年9月28日召开的临时股东大会，发行股份的最高数量或按恒威执行人员股票认购权计划所发行的最高数量已改为，公司股本中(不包括库存股在内)的已发行股份总数的百分之十五(15%)。
- (iv) 决议案9如获通过，将授权公司董事由此股东周年大会日期起至(i)本公司下一届常年股东大会闭幕日日期或依法要求召开下一届常年股东大会日期；或(ii)悉数行使授权而购买股份的日期；或(iii)股东于股东大会上撤销或更改此项授权所赋予的授权当日(以较早者为准)，已在场内购买或在场外购买本公司的普通股，最多可按函件所界定的最高价格购入本公司股本中的已发行股份(不包括库存股在内)总数的百分之八(8%)。进行购买或收购的基础原因、授权及限制、用以购买或收购的资源来源(包括融资金额)，以及根据股票回购授权购买或收购本公司普通股对本集团截至2013年12月31日止财政年度的审核综合财务账目的财务影响收录在本年报致股东函件中。

附注:

- 1 有权出席常年股东大会(“大会”)并于会上投票的股东有权委任不超过两名股东代表代其出席及投票。股东代表毋须为公司股东。
- 2 股东代表的委派书须于大会召开前的至少四十八(48)小时前送交本公司的注册办事处(新加坡邮区619529, 348号, 文礼路), 方为有效。

HANWELL HOLDINGS LIMITED

Company Registration No. 197400888M

(Incorporated In the Republic of Singapore)

Proxy Form

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy **Hanwell Holdings Limited's** shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If CPF investors also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified.

I/We, NRIC/Passport No.:

of

being a member/members of Hanwell Holdings Limited (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Fortieth Annual General Meeting (the "Meeting") of the Company to be held at 348 Jalan Boon Lay, Singapore 619529 on Friday, 25 April 2014 at 10.00 a.m and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
	Ordinary Business:		
1.	Adoption of Directors' Report and Audited Accounts for the financial year ended 31 December 2013		
2.	Re-election of Dr Allan Yap as Director in accordance with Article 87		
3.	Re-election of Mr Tao Yeoh Chi as Director in accordance with Article 87		
4.	Re-election of Mr Chan Sek Nin Jackey as Director in accordance with Article 87		
5.	Approval of Directors' fees amounting to S\$438,000 for the financial year ended 31 December 2013		
6.	Re-appointment of KPMG LLP as Auditors of the Company		
	Special Business:		
7.	Authority to issue new shares pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual		
8.	Authority to issue shares under the Hanwell Executives' Share Option Scheme		
9.	Renewal of Share Buyback Mandate		

Dated this day of, 2014

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

*Delete where inapplicable

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

Notes:

1. Please insert the total number of shares in the Company held by you, either in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50) or in the Register of Members, or both. If no number is inserted, this instrument appointing a proxy or proxies shall be deemed to relate to all the shares in the Company held by you.
2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. This instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing. In the case of a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
5. A corporation who is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting in accordance with Section 179 of the Companies Act, Chapter 50.
6. This instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 348 Jalan Boon Lay, Singapore 619529 not less than forty-eight (48) hours before the time appointed for the Meeting.
7. The Company shall be entitled to reject the instrument of proxy or proxies if it is incomplete, improperly completed, illegible, or where the true intentions of the appointor are not ascertainable from the instructions contained in the instrument. The Company may also reject any instrument of proxy or proxies where the appointor is not shown to have shares in the Company entered against his/her name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by the Central Depository (Pte) Limited to the Company.



Company Registration No: 197400888M
Incorporated in the Republic of Singapore

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