HANWELL HOLDINGS 恒威

HEALTHY, HAPPY HOMES

Annual Report 2014

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

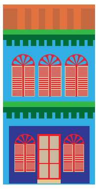
Achieving operational excellence

Building strong financial capabilities

CONTENTS

Beautex
FORTUNE
ROYAL UMBRELLA
JASMINE FRAGRANT RICE
5Kg
Fresh
SOBE
SOYBEAN MILK
ORIGINAL
香纯原味
豆奶

EXECUTIVE CHAIRMAN'S STATEMENT



DEAR SHAREHOLDERS,

Amidst intense competition, the Group is heartened to record continued growth in revenue for the full year ended 31 December 2014 (FY2014). Revenue in FY2014 climbed 3.7% to S$418.4 million, driven by higher sales from our Consumer and Packaging businesses, which grew 3.3% and 4.1% to S$193.7 million and S$224.5 million respectively.

Contributing to the revenue growth of our Consumer Business was the rolling out of new agency products, which were well-received by the Singapore market. Our Packaging Business, Tat Seng, also recorded higher sales volume as a result of heightened demand for our corrugated packaging products in China.

Overall the Group's net profit after tax in FY2014 declined by 46.2% to S$6.3 million due to allowance recorded by the Consumer Business for stock obsolescence, as well as a 8.7% dip in profit before net finance costs, share of results of associates and tax expense ("PBIT") to S$15.3 million from our strategic investment in Tat Seng. The decline in Tat Seng's PBIT was due to higher transportation and delivery costs, higher minimum wage imposed by the China government and allowance for doubtful receivables. Our Health Solutions Business narrowed its loss from S$1.9 million in FY2013 to S$0.53 million.

During the year, we continued to strengthen our war chest with cash and cash equivalents amounting to S$116.4 million, up from S$110.3 million a year ago. The stronger cash position will equip us with the financial resources to pursue business opportunities as and when they arise.

NOTEWORTHY ACHIEVEMENTS IN FY2014

As one of the leaders in the fast moving consumer goods (FMCG) sector in Singapore and Malaysia, we continued to ride on our key strengths – R&D and brand building capabilities, innovation, extensive distribution network and strong partnerships with principals – to grow our Consumer Business.

In Singapore, we introduced new products like *Fortune* Pressed Tofu and a new premium house brand of varied tissue paper products – *Ichiryu* in FY2014. Uptake of these new products has been encouraging. We look forward to launching *Fortune* original and almond-flavoured soya beancurd in the second quarter of 2015.

The Group also continues to work closely with principals to offer more third-party branded products. For example, three (3) variants of *Pauls* fruit yoghurt were introduced to the Singapore's market in the beginning of FY2014. In Malaysia, strengthening of our exclusive partnership with Perfetti Van Melle, we rolled out *Mentos* Cool Chews Tin to augment *Mentos'* position as one of the leading and popular confectionery brands in Malaysia. For our snacks products, we launched healthier choices like the *UCA* Cassava Chips and a wider range of *Nature's Wonders'* premium nuts and dried fruits. Beyond snacks and confectionery products, we also launched a new range of men's toiletries in Malaysia, under the brand names *Brand Brut* and *Denim*. In Singapore, we widened our distributorship beyond *MR CLEAN's* household cleaning products to include its automobile cleaning products.

In a bid to widen our distribution network, we achieved a breakthrough in FY2014 by securing a new distribution channel – *Sobe* is now available in tertiary institutions and hawker centres and this is expected to raise sales of our soya beverages.

As part of our brand building efforts, interesting marketing programmes were carried out to heighten brand visibility and sales. For example, we invited renowned chefs to conduct cooking workshops, featuring our own housebrand. These workshops, which were well-received by consumers, further strengthened top-of-mind recall for our brands and played a critical role in lifting sales.

To complement our distribution efforts, the Group started *Go2Mart,* an up and coming retail concept store in Singapore. The trendy convenience store targets young shoppers who welcome our extensive range of ready-to-eat products and fresh food. From one (1) outlet in end of 2013, there are now four (4) outlets in various parts of Singapore. Plans are underway to increase the number of outlets in FY2015, and extend the range of products and services.

GOING FORWARD

To compete more effectively in the increasingly competitive FMCG market, strategic focus will be placed on strengthening and refreshing our popular house brands such as *Fortune*, *Sobe*, *Royal Umbrella*, *Golden Peony* and *Harmuni*. We will step up our brand building efforts to heighten top-of-mind recall for these brands. At the same time, the team will continue to expand our range of house brand products to capture more market segments.

As part of the Group's ongoing business rationalisation exercise, we will constantly review our operations, explore ways to optimise synergies between the various sub-business units in our Consumer Business Division to reap cost efficiencies.

The Group has entered into the sale and purchase agreement in FY 2014 to dispose and realise its investment in a property development project in Sanya, China. The proposed disposal is in line with the Group's plan to realise the gain of this investment and unlock the value thereof for its shareholders. China's property market has been experiencing a downturn since a year and half ago, not only in major cities but in lower-tier cities as well. It is expected that the adjustment period for the China property market will continue for the short term, whilst recovery for the medium to long term is optimistic due to its high population and growing GDP. We will also be looking for investments opportunities in other parts of the world.

Our investment in Tat Seng Packaging has yielded positive results for the Group over the years. We will keep our ears to the ground for more strategic investments that can further add value to the Group.

For the year to come, the interest rate increase signaled by the US Fed, is expected to be in moderate pace, if happened. Interest rate will continue to stay low and stock markets will be volatile, despite the US and other major world stock markets experienced a bull market last year. Hence placing cash surplus in the foreign equity markets for yielding a higher return will be cautiously considered.

WORDS OF APPRECIATION

I would like to thank the Board of Directors for their advice and invaluable contributions to the growth of Hanwell. To our staff, my heartfelt appreciation goes to each one of you for your commitment and hard work. The success of Hanwell continues to hinge on the positive and vibrant work culture we have built together over the years. I look forward to working hand in hand with you in strengthening this unique teamwork which we share. Special thanks also goes out to our business associates for their strong partnerships.

To our shareholders, thank you for your continued support. As the Chairman of the Group, let me assure you that we will give our very best to grow the Company and deliver greater shareholder value.

DR ALLAN YAP
Executive Chairman

BOARD OF DIRECTORS

DR ALLAN YAP, 59
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 to the Board at the Company's AGM held on 25 April 2014. 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 also the Executive Chairman of Tat Seng Packaging Group Ltd, a company listed on the Singapore Exchange Securities Trading Limited. He also serves as the Chairman and Executive Director of Hanny Holdings Limited, Rosedale Hotel Holdings Limited, and an Alternate Director of Television Broadcasts Limited, all of which are companies listed on The Stock Exchange of Hong Kong Limited.

He is also the Chairman and Chief Executive Officer 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 is the spouse of Dr 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, 61
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 to the Board at the Company's AGM held 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, Non-Executive and Independent 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.

DR TANG CHEUK CHEE, 43
Executive Director

Dr Tang was first appointed to the Board of the Company on 1 August 2011 as Director and was last re-elected to the Board at the Company's AGM held 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.

Dr 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. Dr Tang is currently a member of Risk Management Committee of the Company.

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

Dr Tang holds an Honorary Doctorate of Management from Lincoln University, United States and awarded Fellowship from the Asian College of Knowledge Management.

Mr Patrick Chee, PBM, was first appointed to the Board of the Company on 1 August 1990 as Director and was last re-elected to the Board at the Company's AGM held 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 TECK KWONG PATRICK, 60
Non-Executive Director / Independent Director

Mr Chee is a Senior Legal Consultant with KhattarWong LLP and a member of Singapore Institute of Arbitrators and Singapore Institute of Directors.

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, 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.

Mr Chee is active in community service and is the Vice Chairman of Teck Ghee Community Club. 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 Bachelor of Law (Hons) degree 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.

MR LIEN KAIT LONG, 67
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 to the Board at the Company's AGM held 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, 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.

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, 63
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 to the Board at the Company's AGM held on 25 April 2014. 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 is currently a member of Singapore Institute of Directors. He is an Independent Director of Singapore eDevelopment Ltd and Sapphire Corporation Limited. Both companies are listed on the Singapore Stock Exchange.

Mr Tao holds a degree in Bachelor of 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.

BOARD OF DIRECTORS

MR GOI KOK MING (WEI GUOMING), 41
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 to the Board at the Company's AGM held 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, 58
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 to the Board at the Company's AGM held on 25 April 2014.

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.

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

MR LEE PO ON MARK, 59
Non-Executive Director

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

Mr Lee is the Executive Director and Group CEO of Television Broadcasts Limited ("TVB"), a company listed on the Stock Exchange of Hong Kong Limited and holds directorships in a number of the subsidiaries of TVB.

Before joining TVB and during the period 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 Executive Director and CEO of Asia Television Limited which was a former affiliate of the consortium.

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

“We are committed to our promise of only providing the best quality products to ensure our families grow happy and healthy for generations to come.”

SENIOR MANAGEMENT

MS CHANG WAI LENG
Hanwell Holdings Limited
Group Financial Controller

Ms Chang has more than 29 years of experience in finance and accounting. She has held senior and management positions with multi-national corporations in the 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).

MR YEO SEE LIANG EUGENE
Hanwell Holdings Limited
Senior Vice President
Socma Trading (M) Sendirian Berhad
Executive Director

Mr Yeo is very well versed with FMCG operations, having accumulated more than 32 years of experience in diverse industries, including beverage, household, confectionery and groceries. He holds a degree in Business Studies from Middlesex University, United Kingdom.

MS WONG YUEN MAY SANDY
Hanwell Holdings Limited
Vice President – Operations

Ms Wong has more than 19 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.

MS TONG YING LING DENISE
Topseller Pte Ltd
Vice President

Ms Tong is an established professional with more than 20 year experience in the FMCG industry. She held senior roles in finance and general management with US MNC before joining Topseller Pte Ltd. She holds a Bachelor of Accountancy degree from National University of Singapore.

MR SIM SEE HIANG RICHARD
Tipex Pte. Ltd.
Vice President

Mr Sim has more than 14 years of experience in paper product manufacturing and distribution across the Asia Pacific region. He holds a Bachelor of Engineering Degree, majoring in Mechanical & Production Engineering from Nanyang Technological University, Singapore.

MR 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 Assistant Vice President in 2012. Mr Tang holds a Bachelor of Science Degree in Business Administration from Salem International University in the United States of America.

MR LONG HOI SAN
Hanwell Holdings Limited
Legal Counsel – Legal & Corporate Secretarial

Mr Long has more than 11 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, University of London, and was admitted as an Advocate and Solicitor to the High Court of Malaya.

MR LOH SEE MOON
Tat Seng Packaging Group Ltd
Managing Director / Chief Executive Officer

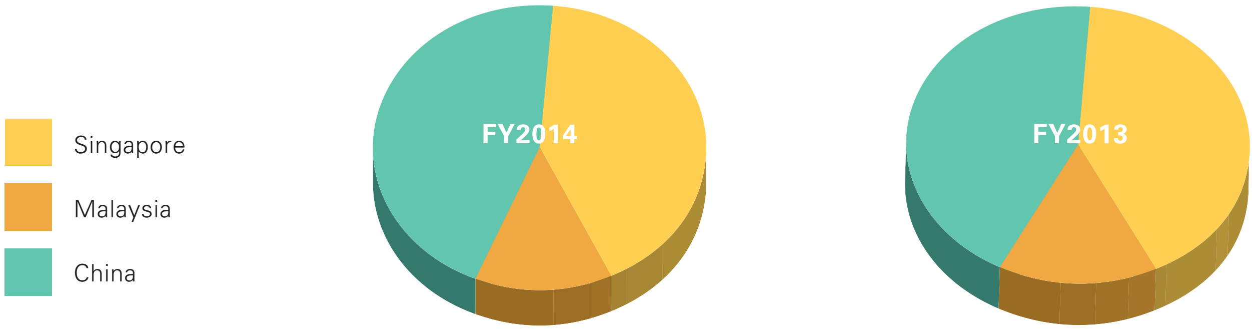
Mr Loh has more than 41 years of experience in the corrugated paper products industry. He holds a Bachelor of Science Degree from Nanyang University, Singapore.

MDM CHEONG POH HUA
Tat Seng Packaging Group Ltd
Executive Director

Madam Cheong has over 34 years of experience in the paper product industry. She joined Tat Seng Packaging Group Ltd in 1981 and became its Executive Director in 2002. She holds a Bachelor of Commerce Degree in Accountancy from Nanyang University, Singapore. She is a member of the Institute of Singapore Chartered Accountants.

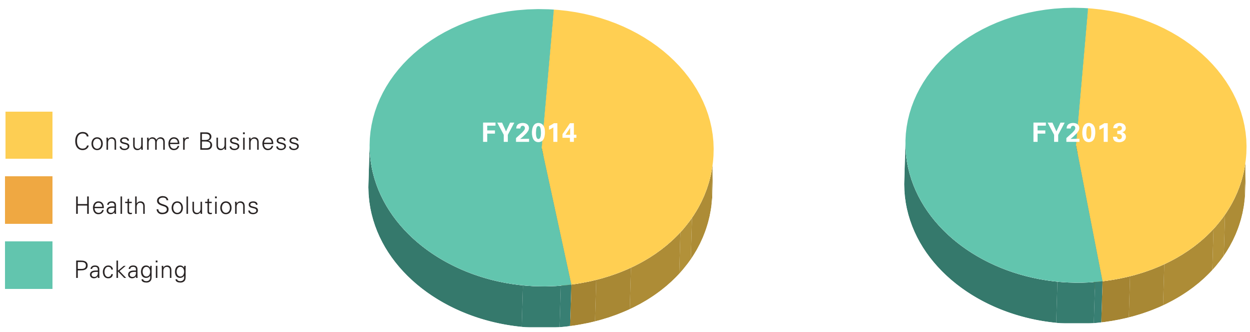
GROUP FINANCIAL SUMMARY

TURNOVER BY GEOGRAPHICAL SEGMENTS ($ MILLION)



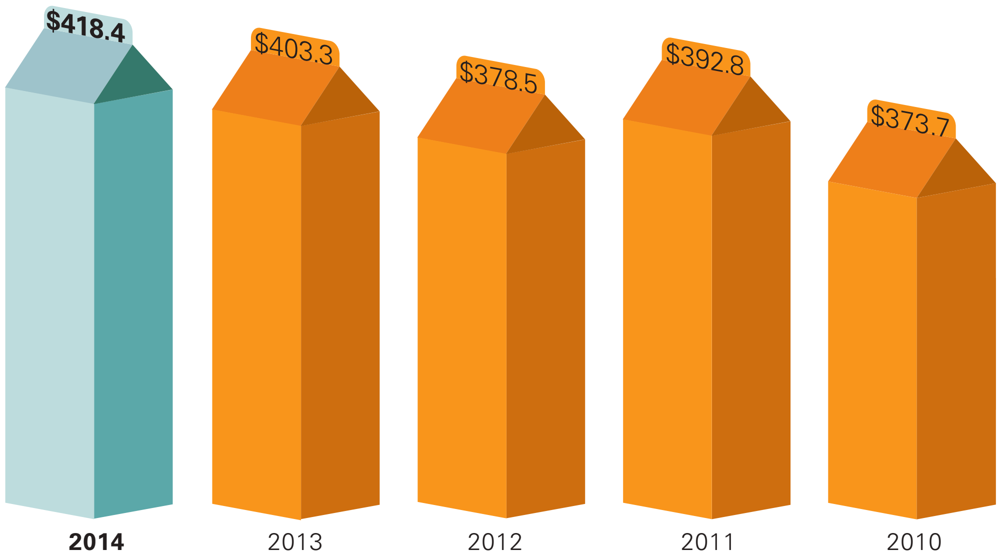
	FY2014		FY2013	
Singapore	**$174.6**	**41.7%**	$167.8	41.6%
Malaysia	**$56.1**	**13.4%**	$60.4	15.0%
China	**$187.7**	**44.9%**	$175.1	43.4%

TURNOVER BY BUSINESS SEGMENTS ($ MILLION)

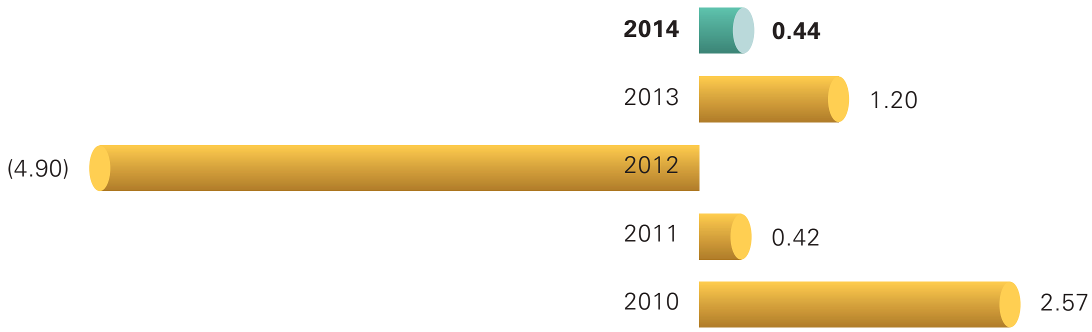


	FY2014		FY2013	
Consumer Business	**$193.7**	**46.3%**	$187.5	46.5%
Health Solutions	**$0.2**	**0.0%**	$0.2	0.1%
Packaging	**$224.5**	**53.7%**	$215.6	53.4%

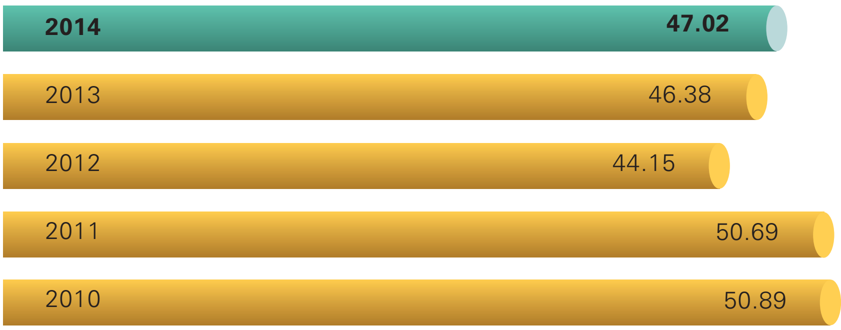
TURNOVER ($ MILLION)



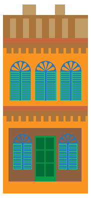
BASIC EARNINGS PER SHARE (CENTS)



NAV PER SHARE (CENTS)



OPERATIONAL REVIEW



HANWELL HOLDINGS LIMITED – iEcon and Go2Mart

Hanwell Holdings Limited continues to be a major player in Singapore's franchising retail business with our own housebrands. We have two franchising businesses – *iEcon* and *Go2Mart*.

iEcon

iEcon has been a household name in Singapore since 1982, and is now the largest franchised mini-mart chain with 79 stores strategically located in the heartlands. It is best known for its friendly service and extensive range of products. Its franchisees are often homegrown traditional grocery retailers who have strong relationships with customers in the neighbourhood.

As part of our commitment to help franchisees stay competitive, we assisted with the upgrading of their point-of-sale systems which will enable them to operate more efficiently. To boost shopper traffic and sales, we continue to organise islandwide promotions during the Chinese New Year and Seventh Month seasons. Our monthly offer advertisement in Weekender (a weekly paper circulated islandwide), heightens the *iEcon* brand name. The newsletter engages readers with product information and promotions, company news and activities, recipes, household tips and contests.

In keeping up with our reputation as a well-stocked grocery store, we constantly expand our product range and offer more value products. This is important as it enables us to stay connected with consumers, who now have wider shopping venue choices, and are increasingly more cost conscious. To stay ahead of the stiff competition, we will look at innovative ways to boost sales, including exploring the feasibility of online grocery business.

Go2Mart

Go2Mart is a fresh retail concept store in Singapore that combines the best of a convenience store and a mini-mart. From one outlet in August 2014, there are now four *Go2Mart* outlets located at Block 406 and Block 164 in Tampines, Block 532 in Ang Mo Kio and Eight Courtyards at 8 Canberra Drive. We operate the first outlet, while the rest are franchised.

With a vibrant logo and trendy in-store design, *Go2Mart* targets younger shoppers who welcome our extensive range of ready-to-eat products. Each outlet is unique. To ensure optimisation, the product range and space allocation in each store are based on the target catchment profile.

We have put in place a two-pronged growth strategy to augment the brand name. Firstly, plans are underway to increase the number of outlets in FY2015. Secondly, we will expand our range of products and services. To cater to the increasingly health conscious consumers, we will include fresh vegetables in our product mix. At the same time, our ready-to-eat corner will carry an extended range of packaged and ready meals. To offer greater convenience to customers, we will also work towards being a one-stop shop by providing services such as laundry, home delivery, phone card top-up, and the sale of parking coupons.

While consumers are increasingly more cost conscious, there is a limit to how much we can compete on price. It is therefore important to carve a niche and differentiate ourselves – by providing an enjoyable in-store experience and an unparalleled range of grocery and ready-to-eat products that can meet the needs of consumers.

TOPSELLER PTE LTD

Established in 1977, Topseller Pte Ltd ("**Topseller**") – a wholly-owned subsidiary of Hanwell – is an established developer as well as distributor of popular brands of household and grocery products in Singapore. Over the years, we have established a sound reputation for our ability to build brands, and our strong partnership with International Brands including *Pauls*, *GSK*, *KAO* and *Lion*.

Despite the highly competitive FMCG market, we continued to register growth in 2014. Revenue jumped 14.1%, driven by sales of proprietary-branded products and improvement in distribution business. Building on our leadership position in the rice category, aggressive efforts were channeled to market *Royal Umbrella* – Singapore's Number One rice brand, as well as *Okome*, *Golden Peony* and *Taj* to both retail and food service channels. Sales of our oil brands recorded exceptional growth, particularly *Golden Circle* which re-launched its packaging labels and successfully penetrated the food service channel. Trade distribution businesses, in the light of *GSK*, *KAO* and *Lion*, also demonstrated strong improvement in sales.

Many exciting sales and marketing activities were rolled out during the year, from gift-with-purchase promotions and lucky draws for *Royal Umbrella* and *Golden Circle* products, to contests such as "Win a Ticket to Island Party at Sentosa" for *Pauls*' UHT milk. Royal Umbrella also embarked on a new marketing campaign "Make the 饭 Fun". Supported by television commercials, print, and outdoor advertisements, mobile applications, and eye-catching point-of-purchase displays, the campaign created strong visibility for *Royal Umbrella* rice.

To promote our proprietary-brands for rice and oil, cooking workshops by well-known chefs were organised for niche groups of audience. Additionally, to drive brand exposure, we participated in the Lianhe Wanbao Health & Beauty Fair to promote *Golden Peony* and *Golden Circle*. Our website has also been revamped, featuring the latest promotions, activities, and healthy recipes.

As part of our media outreach efforts, a media event was organised in October 2014 to showcase our portfolio of brands from Topseller and the various divisions of Hanwell. There was even a chef cooking demonstration, using our own-branded products. A Retailer's Appreciation event was also held to rally continued support from retailers whom we have built strong partnerships with over the years.

Corporate social responsibility has always been integral to Topseller because we believe that contributing and giving back to society is as important as driving growth. In August 2014, *Royal Umbrella* presented the Hanwell Longest Rally Event and donated 9,520kg of *Royal Umbrella* rice to needy families in the Cheng San-Seletar Division. 'Rice From the Heart' campaign at *iEcon* stores continued to witness generous donations from members of the public. A significant amount of *Golden Peony* rice was donated to three charity organisations, namely the Chinese Development Assistance Council (CDAC), Food From The Heart and Willing Hearts.

Looking forward, in 2015, we will continue to build our propriety brands, source for new agencies to expand our portfolio of FMCG products, and further strengthen Topseller's presence in both the retail market and food service channels. At the same time, with rising costs and the strengthening of the US dollar, we will remain vigilant in our cost controls to protect margins.

9,520kg of Royal Umbrella rice was donated to the needy residents of Cheng San–Seletar

OPERATIONAL REVIEW

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 confectionery, snacks, grocery and beverage products. Besides third party branded products, Socma also distributes its own *Harmuni* brand of products which cater specifically to the Muslim community.

In 2014, despite dampened consumers' sentiments in Malaysia, which was hit by three major air disasters and one of the worst floods in the country, sales improved 5%[1] year-on-year due to better performance from the snacks category, while the confectionery category turned in stronger sales in the second half of the year.

Confectionery

Sales of confectionery was boosted by strong demand for *Mentos* bottle and tin range. During the year, we continued to work closely with our principal Perfetti Van Melle (PVM) to strengthen *Mentos'* position as the leading confectionery brand in Malaysia through creative marketing and promotional initiatives. Like *Mentos* Pure Fresh Tin which was introduced last year, our launch of *Mentos* Cool Chews Tin in 2014 was well-received by retailers and consumers. Plans are now underway to roll out new variants of *Mentos* products to further delight customers.

The *Chupa Chups* Mega Tin promotion at all participating High-Traffic Outlets also contributed to the confectionery sales growth for the year. To drive volume, the promotion was pegged to an attractive value price point of RM1 for three 12-gram *Chupa Chups* lollipops.

Snacks

The Snacks category registered a 11% jump in sales year-on-year, bolstered by strong demand for the *Tao Kae Noi* brand of seaweed snack. New variants introduction like Tom Yum Goong Flavour Crispy Seaweed for *Big Bang* and *Big Roll* range of seaweed help to boost total sales. During the year, we also launched the Tai Sun brand of *UCA* Cassava Chips, which are healthier than potato chips, and extended the distribution for the range of premium nuts and dried fruits under *Nature's Wonders*.

Grocery

Our popular packet coconut milk, *Harmuni* Santan, maintained its sales growth of 5% in 2014. Sales of *Soyalite* Soya Bean Oil grew 14% due to an effective 'Every Day Low Prices' pricing strategy and banded pack offers. Going forward, we will step up marketing efforts for *Harmuni* Soya Sauce against the backdrop of an increasingly competitive market with many new entrants.

Beverage

Jia Duo Bao is a Halal-certified, 100% naturally-brewed herbal tea. A "must-have" drink, it is widely acclaimed for its cooling properties, Following its name change in 2013, we will step up promotional efforts to heighten awareness of the *Jia Duo Bao* brand name and entice new consumers.

Toiletries

A key part of Socma's growth strategy is to continuously acquire new agencies and expand product portfolio. In 2014, we successfully partnered with Sweetyet Development Limited to launch a new range of men's toiletries, under two brand names *Brand Brut* and *Denim*. The new Toiletries category will generate a new revenue stream and open doors for us to ride the growing market.

Looking ahead, while Socma has a strong portfolio of products that are supported by well-coordinated marketing activities, our performance may be impacted by the new challenges faced by Malaysia's consumer market. The 6% Goods and Services Tax (GST), implemented on 1 April 2015, saw some goods with price increase, and this will in turn impact affordability. Concurrently, sliding crude oil prices are expected to affect the gross domestic product (GDP) of Malaysia, a net exporter of oil.

Notwithstanding the tough operating landscape, we will remain focused in our business, widen our distribution networks and explore ways to bring in new products and brands that will add value to our portfolio.

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[1] Excluding instant noodles

Fortune Food unveiled new and trendy packaging for a range of products including soya milk, Fortune tofu and noodles.

FORTUNE FOOD MANUFACTURING PTE LTD

A wholly-owned subsidiary of Hanwell, Fortune Food Manufacturing ("**Fortune Food**") specialises in the production of soya bean-based products such as tofu and tau kwa, and is the first to introduce pasteurised soya milk, *Sobe*, to the local consumers. Other popular brands and products manufactured and distributed by Fortune Food include *Fortune* tofu, noodles and soya milk, *Hosei* Japanese udon and *Sweet Spot* chin chow desserts.

With one of the strongest chilled distribution networks in Singapore, our products are delivered fresh to retail and food service outlets such as hypermarkets, supermarkets, minimarts, provision stores, wet markets, restaurants and institutions.

Our ongoing research and development (R&D) efforts have led to the launch of *Fortune* Pressed Tofu in 2014, which boasts better texture and taste. This is in line with our mission to introduce more nutritious and innovative products to consumers. The new product replaces our Chinese pressed tofu.

Further cementing our relationship with *Pauls*, three variants of *Pauls* fruit yoghurt were launched in January 2014. Later in the year, we also introduced the new *Pauls* 1-litre thickened cream to the local market.

Besides an expanded range of products, we also widened our distribution channels – *Sobe* is now available in tertiary institutions and hawker centres.

To entice consumers, *Sobe* Valentine's Day and Mother's Day limited edition packs were sold at retail outlets. These novelty packs, which followed hot on the heels of *Sobe* festive Christmas packaging in 2013, were extremely well-received. In particular, the Valentine's Day packs were bundled with a lucky draw to win diamond pendants. The draw received over overwhelming entries.

Another successful campaign in 2014 was the three-month long (January to March 2014) Chinese New Year lucky draw where consumers who purchased selected *Fortune* products stood a chance to win cash prize of S$1,288. The campaign attracted over 10,000 entries.

In today's fast moving consumer goods (FMCG) market, consumers are spoilt for choice. To stand out from the competition, besides offering quality and nutritious products, it is important that our packaging continues to appeal to the ever-changing tastes. In October 2014, we revitalised our labels and packaging for a range of products including *Sobe* soya milk, and *Fortune* tofu and noodles.

Happy winners of Beautex – Life's Beautiful Art Competition 2014

We are excited to launch the new products which were developed by our R&D team in 2014. Consumers can look out for our latest *Fortune* original and almond-flavoured soya beancurd, which will be hitting the shelves in the second quarter of 2015. *Sobe* soya milk with high calcium, as well as other variants, will also be progressively rolled out.

Apart from our own branded products, we also look forward to introducing a new range of *Pauls* custard and cooking creams to the Singapore market. At the same time, we will step up our efforts to penetrate the food service sector by offering a more affordable range of tofu products.

TIPEX PTE. LTD.

Established in 1984, Tipex Pte. Ltd. ("**Tipex**") is one of the major distributors of consumer tissue paper products in Singapore. A subsidiary of Hanwell, we own local leading tissue paper brand *Beautex*, as well as other popular brands, including *Mood*, *Hibis*, *Comfy* and *Parity*.

Over the years, we have established a strong distribution network, covering not just Singapore, but Brunei, Vietnam, Australia, New Zealand, the Maldives and Chennai in India.

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

One of the highlights in 2014 was the launch of a new premium house brand *Ichiryu*. The *Ichiryu* range of products, which are 4-ply, highly absorbent and soft, includes box tissue, bathroom tissue and handkerchief.

Further extending our product portfolio and bringing Tipex one step closer to becoming a provider of total household cleaning solutions, we secured the distributorship of *MR CLEAN's* automobile cleaning products. They include wash towels, drying cloths, as well as polishing and detailing accessories. This new distributorship followed one year after we were appointed exclusive distributor of household products for the reputable Australian brand in Singapore.

To enhance the *Beautex* brand visibility and drive sales, two marketing campaigns were launched during the year. The lucky draws – "Win Alaskan Cruise with *Beautex*" and "Win With *Beautex* Lucky Draw Campaign", were well-executed and attracted over 20,000 entries.

The sixth Life's Beautiful art competition, held at Sentosa in June 2014, raised proceeds of over S$22,500 for The Straits Times School Pocket Money Fund. Six winning children's artworks were printed on limited edition *Beautex* tissue boxes, with Tipex donating 20 cents for every five-box pack sold.

In collaboration with the Rainbow Centre – a charity organisation that helps children with special needs, *Beautex* in November 2014 launched limited edition tissue boxes featuring colourful artworks drawn by the children. To play our part in the community, similar to the mechanics for Life's Beautiful, for every five-box pack sold, 20 cents were donated to the Rainbow Centre. Proceeds from the five-month campaign will be used to fund education and training to stretch the children's developmental potential.

We continue to work closely with our subsidiary Tips Industry (M) Sdn Bhd (Tips Industry), which manufactures our tissue paper products. With stringent procedures and operating systems in place to safeguard product quality, Tips Industry is ISO 9001:2008, ISO 14001:2004 and ISO 22000:2005 certified for quality, environmental and food safety management systems respectively. It also attained the Hazard Analysis Critical Control Points (HACCP) certification. Demonstrating that its business is environmentally and socially responsible, Tips Industry garnered the Forest Stewardship Council (FSC) Chain of Custody System certification.

2015 will be an exciting year for Tipex. Consumers can look forward to new designs for the popular *Mood* Japanese Doll tissue boxes. Plans are also underway to roll out new products like *Mood* Japanese Doll 3-ply pocket tissues and *Mr Men and Little Miss* (MMLM) soft pack facial tissues. Concurrently, efforts will be channeled to secure new agency lines and embark on exciting brand engagement campaigns.

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 FY2014, Tat Seng achieved a 4.1% growth in revenue to S$224.5 million and attained net profit of S$9.6 million. The creditable set of results was achieved despite intense competition and rising business costs in China, as well as space and production constraints in Singapore. In line with revenue growth, cost of sales increased 4.3% to S$179.1 million and gross profit improved 3.7% to S$45.4 million in FY2014. Distribution and selling expenses rose 6.2% to S$13.3 million due to higher revenue achieved by Tat Seng Group. Other contributing factors are due to higher distribution and selling expenses include higher costs incurred on custom clearance and warehouse's storage charge in the "export processing zone" of a new customer in China, and higher transportation costs arising from increased sales with longer delivery distance. Further, general and administrative expenses increased 11.8% to S$15.9 million as a result of higher minimum wage and an increase in all related statutory fund contributions imposed by the government of China.

As at 31 December 2014, the cash and bank balances (excluding bank balances pledged as security) stood at S$15.6 million, compared to S$23.1 million last year. The dip was due to a loan repayment of S$6.5 million to Hanwell Holdings Limited, and higher dividend payment in FY2014.

SEGMENTAL REVIEW

Singapore operations

Revenue from Singapore dipped 9.0% to S$36.8 million, accounting for 16.4% of total Tat Seng Group revenue in FY2014. Sales performance was impacted by production space constraints after the consolidation exercise in FY2014. Along with a reduction in sales of lower margin products, revenue in the first half of FY2014 declined by 11.6%. The Tat Seng Group had taken various steps to alleviate the space and production constraints and increase revenue, including, but not limited, to build a mezzanine floor and purchase a high speed six-colour flexo folder gluer machine to replace the two older printing machines, this machine has greatly reduced set-up time per job, boost the productivity by increasing printing output (square meter) per minute and solves the congested storage problem. These swift steps taken by Tat Seng Group have lifted Singapore's revenue in the second half of the year by 7.8%, as compared to the first half of FY2014.

OPERATIONAL REVIEW

Suzhou plant, headquarters of China subsidiaries

China operations

Revenue from our China operations rose 7.2% to S$187.7 million, representing 83.6% of total Group revenue in FY2014. The stronger sales performance validated Tat Seng's strategy to raise productivity and strengthen sales efforts.

In particular, Nantong Tat Seng and Tianjin Dansun did particularly well, registering improvement in sales. To compete more effectively, Tat Seng spent the past year raising operational efficiency at the various plants in China. For example, at Nantong Tat Seng, workflow was re-designed and staff training was conducted to ensure the plant operates at the most optimal level. In Suzhou, the headquarters of China subsidiaries, a consultant was engaged to raise the skill sets of workers and the middle management. The production systems were also enhanced and a new and effective management system was implemented to monitor the capacity and performance of the printing machines. This move by Tat Seng had proven to be effective and successfully increased the efficiency of Suzhou's printing department by 20%. Plans are underway to implement a similar system at other plants in China.

OUTLOOK

Higher cost of operations, a slowdown in China's economy, the tightening of borrowings rules and regulations from China's central bank, as well as a shrinking manufacturing sector in Singapore will impact Tat Seng's overall business landscape.

Riding on its capabilities and strong presence in the corrugated packaging industry, Tat Seng will further penetrate the medium and high-end market with higher value products such as dual art boards. Operational processes will be continually enhanced and appropriate measures will be adopted to drive sustainable growth. Besides initiatives such as centralising certain functions to drive down costs, Tat Seng will continue to invest in efficient machinery and staff training.

In Singapore, to tackle rising costs brought about by the hiring restriction on foreign workers and more expensive raw material costs due to higher US dollar exchange rate, Tat Seng will continue to raise productivity. It will also work hard to increase its market share in the growing food and pharmaceutical sectors in the country.

CORPORATE SOCIAL RESPONSIBILITY

While we continue to drive business growth, it is equally important to help the less fortunate and ensure that they are not left behind. Hanwell's corporate citizenship programme is anchored on the commitment to positively impact the communities we serve – be it the needy families, elderly or other less fortunate groups of people – and improve their lives.

LIFE'S BEAUTIFUL

Tipex's signature *Beautex* "Life's Beautiful" art competition was held at Sentosa on 14 June 2014. Launched six years ago, the annual event, which encourages school children to express themselves through art, continued to attract strong participation from children and their families. Winning artworks were printed on limited edition *Beautex* tissue boxes, with Tipex donating 20 cents to The Straits Times School Pocket Money Fund for every five-box pack sold. At the end of this meaningful campaign, Tipex's total donation amounted to S$22,569.40.

COLLABORATION WITH THE RAINBOW CENTRE

In November 2014, Tipex collaborated with the Rainbow Centre – a charity organisation that helps children with special needs – to launch limited edition *Beautex* tissue boxes that featured colourful artworks drawn by the children. Tipex donated 20 cents to the centre for every five-box packs sold. The six-month campaign will be ended in April 2015. All proceeds will be used to fund education and training to stretch the children's developmental potential.

HANWELL CARES

Employee volunteering is another critical component of Hanwell's corporate citizenship programme. We strongly encourage staff to volunteer their time with welfare organisations. In 2014, employees from our various subsidiaries joined volunteers at Willing Hearts to prepare 3,000 meal boxes for distribution to the less privileged elderly and families.

HANWELL LONGEST RALLY

To celebrate Hanwell's 40th anniversary, a record-breaking "Hanwell Longest Rally" event was organised on 24 August 2014 at Changi Point. Hanwell staff were joined by former national shuttlers Ronald Susilo, Ashton Chen, Xing Aiying and Terry Yeo, Minister of Parliament Ang Hin Kee, as well as 295 school youth players and members of the public to register a new mark of 119 unique hits in a badminton rally, breaking the previous Singapore record of 96 hits! To commemorate the event, Hanwell Group donated 9,520kg of *Royal Umbrella* Rice to needy families in the Cheng San-Seletar Division.

RICE FROM THE HEART CAMPAIGN

Our 'Rice From the Heart' campaign at *iEcon* stores continued to witness generous donations from members of the public. A significant amount of *Golden Peony* rice was donated to three charity organisations, namely the Chinese Development Assistance Council (CDAC), Food From The Heart and Willing Hearts.

In addition to the above corporate citizenship initiatives, the Group regularly supports other community and charity organisations through sponsorships, either in kind or cash.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr Allan Yap
Executive Chairman

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

Dr Tang Cheuk Chee
Executive Director

Mr Chee Teck Kwong Patrick
Non-Executive Director / Independent Director

Mr Lien Kait Long
Non-Executive Director / Independent Director

Mr Tao Yeoh Chi
Non-Executive Director / Independent Director

Mr Chan Sek Nin Jackey
Non-Executive Director

Mr Lee Po On Mark
Non-Executive Director

Mr Goi Kok Ming (Wei Guoming)
Non-Executive Director

COMPANY SECRETARY

Mr Chew Kok Liang

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATING COMMITTEE

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

REGISTERED OFFICE

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SHARE REGISTRAR

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Singapore 068902
Telephone: +65 6227 6660
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 2014: Karen Lee Shu Pei)

PRINCIPAL BANKERS

United Overseas Bank Ltd
DBS Bank Ltd
Standard Chartered Bank

CORPORATE GOVERNANCE STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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 oversee the Group's business performance and affairs, and 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 strategic directions and objectives 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 management personnel 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;
- considering sustainability issues, such as environmental and social factors, as and when necessary, as part of its strategic formulation; 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.

1.2 Board Processes

The Board has established a number of Board Committees to assist the Board 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 yearly schedule of the Board and Board Committees meetings 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 the convening of the Board meetings by way of telephonic, video conferencing or other similar means of communication. The Board also approves transactions through written 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 2014

The Board held four (4) 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	3
John Chen Seow Phun	3
Chee Teck Kwong Patrick	4
Tao Yeoh Chi	4
Lien Kait Long	4
Chan Sek Nin Jackey	3
Lee Po On Mark	4
Goi Kok Ming (Wei Guoming)	4

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.

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:

- annual budgets and financial plans of the Group;
- approval of the annual and 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;
- investments and divestments decisions including the Group's capital commitment; 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.

The Company and external consultants have been providing regular accounting updates, key governance changes to the Singapore Stock Exchange Listing Rules, key update to the Code, key changes to the Companies Act (Chapter 50), rules and regulations and duties and responsibilities on Directors from time to time. The Directors also have the opportunity to visit the Group's operational facilities and meet with the Management for further explanations, briefing or informal discussions on any aspect, to gain a better understanding of the business operations.

The Company has set up a formal procedure for the issuance 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 and are encouraged to visit the sites of the Group's operating units to familiarise themselves with the Group's business practices.

In addition, the Directors of the Company are encouraged to attend relevant training programmes, courses, conference and seminars on new laws, regulations and updates on commercial areas conducted by relevant professional organisations. The Company will fund the appropriate training and development programmes for the Directors from time to time. The Board has received updates on changes in listing rules, laws, regulations, accounting standards, regulatory requirements, corporate governance guidelines and best practices on regular basis.

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.

Taking into account the Board's diverse expertise and experience in business and management, accounting, finance, human resources and law, the Board considers that its Directors possesses the necessary competencies to lead and guide the Group and to facilitate effective decision making.

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

Name of Director	**Date of appointment/ Date of last re-election**	**Functions**	**Directorships in other listed companies and other principal commitments**	**Past directorships in other listed companies and other principal commitments over the preceding three (3) years**
Allan Yap	10 May 2002/ 25 April 2014	Executive Chairman	Chairman and Executive Director of Hanny Holdings Limited and Rosedale Hotel 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 Chairman of Intraco Limited
John Chen Seow Phun	9 Jun 2003/ 26 Apr 2013	Deputy Chairman/ Non-Executive Director Member of Audit, Nominating and Remuneration Committees	Executive Chairman of Pavillon Holdings Ltd (formerly known as Thai Village Holdings Ltd) Non-Executive Chairman and Independent Director of Matex International Limited and Fu Yu Corporation Limited Deputy Chairman, Non-Executive Director and Independent Director of Tat Seng Packaging Group Ltd Independent Director of, 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

Name of Director	Date of appointment/ Date of last re-election	Functions	Directorships in other listed companies and other principal commitments	Past directorships in other listed companies and other principal commitments over the preceding three (3) years
Chee Teck Kwong Patrick	1 Aug 1990/ 26 Apr 2013	Non-Executive Director/ Independent Director Chairman of Audit Committee, Member of Nominating and Remuneration Committees	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
Tao Yeoh Chi	13 Nov 1997/ 25 April 2014	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 Lead Independent Director of Tat Seng Packaging Group Ltd Independent Director of 8Telecom International Holdings Co., Ltd, China Jishan Holdings Limited Falcon Energy Group Limited, Renewable Energy Asia Group Limited, IPC Corporation Limited Viking Offshore and Marine Ltd and Pacific Healthcare Holdings Ltd	Independent Director of CMZ Holdings Ltd, Intraco Limited and Youyue International Limited
Chan Sek Nin Jackey	5 Jul 2007/ 25 April 2014	Non-Executive Director	Director of Eastern Spark Development Limited and Guangzhou Jiang Nah Property Co., Ltd Chief Operating Officer of Hanny Holdings Limited	Independent Non-Executive Director of SMI Corporation Limited

Name of Director	Date of appointment/ Date of last re-election	Functions	Directorships in other listed companies and other principal commitments	Past directorships in other listed companies and other principal commitments over the preceding three (3) years
Lee Po On Mark	10 Aug 2012/ 26 Apr 2013	Non-Executive Director	Executive Director and Group Chief Executive Officer 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 eight (8) to ten (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.

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 2014, 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.

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 evaluate proposals on strategy, various policies 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. 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 support of the Company Secretary and the Management) 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 and ensures adequate time is available for discussion of all agenda items;
- ensuring that Board meetings are held when necessary;
- facilitating effective contributions from the Non-Executive Directors and encouraging constructive relationships between the Directors and between the Board and the Management;
- 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.

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 Independent and Non-Executive Directors of the Company. Both performance and appointment to the Board are reviewed periodically by NC and their remuneration packages are reviewed periodically 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. In addition, all Directors take decisions objectively in the interests of the Company.

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 10% shareholders.

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 listed company board representations and having regard to the Director's contribution and performance;
- 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 at the Annual General Meetings;
- conducting a rigorous review and determining whether an Independent Director who has served on the Board for a period exceeding nine (9) years from date of his first appointment, can still consider as independent;
- 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 the 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 had reviewed the Directorship of the Directors and 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 NC and Board agreed that as a guide, the maximum number of the listed company board representation which any Independent Director may hold should not exceed ten (10), and both the NC and the Board will review and determine the maximum number of listed company Board representations as and when they deem appropriate.

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 beyond nine (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 nine (9) years are considered independent. They will abstain from voting on any resolution related to their re-election.

Taking into account, among others, these Directors' participation during and outside the formal Board and Board Committees meetings as well as other contributions, 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 Tang Cheuk Chee, Mr Lien Kait Long and Mr Goi Kok Ming (Wei Guoming) who will retire pursuant to 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.

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 (2) 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.

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, comprehensive 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 Committees meetings and assists the Chairman of the Board and Board

Committees 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).

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;
- 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; and
- reviewing and recommending to the Board, the terms of renewal of service agreements of Directors and/or key management personnel and ensuring the service agreements contain fair and reasonable termination clauses which are not overly generous in the event of termination.

The RC members are knowledgeable in the field of executive compensation and also have access to independent expert advice from external consultants, where necessary.

The RC meets at least once each year and at other times as required. During the financial year, the RC held one (1) meeting. 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	1
Chee Teck Kwong Patrick	Non-Executive/Independent	1
John Chen Seow Phun	Non-Executive	1

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.

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 (1) 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 Committees 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 Dr Tang Cheuk Chee are for a period of three (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 six (6) months' prior written notice.

The RC is of the view that the variable component of the remuneration packages of the Executive Directors and key management personnel are moderate. At present, there is no necessity for the Company to institute contractual provisions in the service agreements or employment agreements to reclaim incentive components of remuneration paid in prior years from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company.

The existing Hanwell Executives' Share Option Scheme ("**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 expire on 21 January 2019. The RC will explore a suitable incentive plan/scheme as and when it deems necessary.

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 2014 is set out below:

Directors	Base Salary (%)	Bonus (%)	Profit Sharing (%)	Director's Fee[3] (%)	Allowance[2] (%)	Share Options (%)	TOTAL (S$)
Range $1,000,001 to $1,250,000							
Allan Yap	66.53	8.64	23.40	–	1.43	–	1,277,000
Range $500,001 to $750,000							
Tang Cheuk Chee	69.16	9.75	16.73	–	4.36	–	627,000
Range $250,000 and below							
John Chen Seow Phun	–	–	–	100.00[1]	–	–	128,000
Chee Teck Kwong Patrick	–	–	–	100.00[1]	–	–	134,000
Tao Yeoh Chi	–	–	–	100.00	–	–	70,000
Lien Kait Long	–	–	–	100.00[1]	–	–	124,000
Chan Sek Nin Jackey	–	–	–	100.00	–	–	39,000
Lee Po On Mark	–	–	–	100.00	–	–	40,000
Goi Kok Ming (Wei Guoming)	–	–	–	100.00	–	–	40,000

(1) Director's 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.

2.4 Remuneration of Employees Related to Directors

As at 31 December 2014, there is an employee who is related to Dr 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. Dr Tang Cheuk Chee 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 2014 is set out below:

Remuneration Band	Base Salary (%)	Bonus (%)	Profit Sharing (%)	Director's Fees (%)	Allowance[1] (%)	Share Options (%)	TOTAL (%)
Range $150,001 to $200,000							
Tang Chi Ming Danny (Brother of Dr Tang Cheuk Chee, the Executive Director and brother-in-law of Dr Allan Yap, the Executive Chairman)	72.64	6.05	9.32	–	11.99	–	100.00

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

2.5 Remuneration of Top Five (5) Key Management Personnel

Disclosure of the top five (5) key management personnel remuneration (who are not directors or 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 Fees (%)	Allowance[2] (%)	Share Options (%)	TOTAL (%)
Range $250,001 to $500,000							
Yeo See Liang Eugene	49.22[3]	14.09	24.98	0.96[1]	10.75	–	100.00
Range $250,000 and below							
Chang Wai Leng Connie	84.83	8.84	–	–	6.33	–	100.00
Sim See Hiang Richard	65.68[3]	5.47	12.71	–	16.14	–	100.00
Tong Ying Ling Denise (joined on 8 Sep 2014)	77.31[3]	9.05	–	–	13.64	–	100.00
So Yin Hing Carmen (resigned 22 Jan 2014)	17.55	–	–	–	82.45	–	100.00
Wong Yuen May Sandy	82.46	6.87	–	–	10.67	–	100.00
Tang Chi Ming Danny	72.64[3]	6.05	9.32	–	11.99	–	100.00

The aggregate total remuneration paid to the top five (5) key management personnel (who are not Directors or the CEO) for the year ended 31 December 2014 is approximately S$1,173,000.

(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.

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 control framework, but acknowledges that no cost effective risk management and internal control system will preclude all errors and irregularities, as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can 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 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, risk management framework and policies of the Group. The Group has introduced and implemented various new policies namely (i) Business Continuity Policy, (ii) Succession Planning Policy and (iii) Investment Policies in relation to the Financial Assets Investments and Strategic Investment in FY2014.

The RMC is regulated by its terms of reference. The meetings of the RMC are attended by Management of the Group's business divisions, and serve as a forum to review and discuss material risks and exposures of the Group's business and the strategy to mitigate risks in general.

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 Management will report to the RMC on a quarterly basis or such other period as may be determined by RMC any updates on the identified risks. 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.

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 RMC, 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 regularly reported to 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 FY2014, the Board has received assurances from the Executive Chairman, the Executive Director and the Group Financial Controller 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 effective and sufficient.

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, compliance and information technology controls and risk management systems are adequate and effective as at 31 December 2014.

The Board will also continue to enhance and improve the existing internal control framework to identify and mitigate these risks.

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.

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, information technology 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.

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$375,364 and S$47,454 respectively for the financial year ended 31 December 2014.

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 AC 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 Rule 715 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 said Guidebook to all members of the Board. Where appropriate, the AC will adopt relevant best practices set out in the said Guidebook including any of its amendments thereto from time to time, which will be used as references to assist the AC in performing its functions.

During the financial year, the AC held four (4) 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	4
Tao Yeoh Chi	Non-Executive/Independent	4
John Chen Seow Phun	Non-Executive	3
Lien Kait Long	Non-Executive/Independent	4

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.

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 FY2014 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 SHAREHOLDERS' 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.

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. Further, the Company has in place a Corporate Communications department which facilitates effective communication with the Company shareholders, analysts, fund managers and the press.

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 two (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 fourteen (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 fixed policy on payment of dividends at present. The frequency, form, and amount of dividends to be declared depend on the Company's profit, cash flow, capital requirements for investment and growth, general business conditions and other factors as the Board deems appropriate.

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 key management personnel 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 (1) month before the Company's announcement of financial results for the year and for the period of two (2) 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 key management personnel 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. There are no interested person transactions for the FY2014.

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 FY2014 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 2014.

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	98,947,500*	98,947,500*
– options to subscribe for ordinary shares between 22/01/2010 and 21/01/2019	10,000,000	10,000,000
Tang Cheuk Chee		
The Company		
– ordinary shares	98,947,500**	98,947,500**
Lien Kait Long		
The Company		
– ordinary shares	5,530	5,530

	Holdings at beginning of the year	Holdings at end of the year
Chan Sek Nin Jackey		
The Company		
– options to subscribe for ordinary shares between 22/01/2010 and 21/01/2014	500,000	–

* 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.

** 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.

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.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2015.

Except 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 notes 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.

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 not 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 01/01/2014	Options exercised	Options cancelled	Options outstanding at 31/12/2014	Number of option holders at 31/12/2014	Exercise period
22/01/2009	$0.16	10,200,000	–	(50,000)	10,150,000	2	22/01/2010 – 21/01/2019
22/01/2009	$0.16	500,000	(500,000)	–	–	–	22/01/2010 – 21/01/2014
		10,700,000	(500,000)	(50,000)	10,150,000		

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.

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

	Options granted for financial year ended 31 December 2014	Aggregate options granted since commencement of Scheme to 31 December 2014	Aggregate options exercised since commencement of Scheme to 31 December 2014	Aggregate options expired since commencement of Scheme to 31 December 2014	Aggregate options outstanding as at 31 December 2014
Name of director					
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	(4,400,000)	(800,000)	10,000,000

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 four (4) 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.

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

30 March 2015

STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 51 to 130 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, 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

30 March 2015

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 2014, 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 51 to 130.

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.

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 2014 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
30 March 2015

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
Assets					
Property, plant and equipment	4	76,094,681	74,425,025	10,434,910	11,627,364
Intangible assets	5	1,161,846	1,139,382	–	–
Investment properties	6	949,031	1,096,354	–	–
Subsidiaries	7	–	–	41,241,423	42,161,265
Loan to a subsidiary	7	–	–	–	3,500,000
Associates	8	–	–	–	–
Other financial assets	9	2,732,036	5,030,125	1,900,036	4,294,125
Deferred tax assets	10	1,680,966	1,794,643	–	–
Non-current assets		82,618,560	83,485,529	53,576,369	61,582,754
Inventories	11	42,125,399	40,458,882	9,024,526	6,437,834
Trade and other receivables	12	146,947,706	147,362,574	70,011,823	80,310,940
Other financial assets	9	5,777,172	4,969,174	5,777,172	4,969,174
Cash and cash equivalents	15	119,734,759	118,860,961	78,687,051	68,428,261
Assets held for sale	16	48,009,337	47,045,667	–	–
Current assets		362,594,373	358,697,258	163,500,572	160,146,209
Total assets		445,212,933	442,182,787	217,076,941	221,728,963
Equity					
Share capital	17	200,099,208	200,001,493	200,099,208	200,001,493
Reserves	17	60,120,163	56,433,972	(3,520,050)	(840,644)
Equity attributable to owners of the Company		260,219,371	256,435,465	196,579,158	199,160,849
Non-controlling interests	18	44,166,359	40,953,385	–	–
Total equity		304,385,730	297,388,850	196,579,158	199,160,849
Liabilities					
Loans and borrowings	19	1,217,952	2,493,734	–	–
Deferred income	22	1,153,119	1,174,811	–	–
Deferred tax liabilities	10	2,042,182	2,071,039	–	–
Non-current liabilities		4,413,253	5,739,584	–	–
Loans and borrowings	19	31,734,401	37,172,733	–	–
Trade and other payables	23	103,831,229	99,960,707	20,497,783	22,568,114
Deferred income	22	120,660	110,238	–	–
Current tax liabilities		727,660	1,810,675	–	–
Current liabilities		136,413,950	139,054,353	20,497,783	22,568,114
Total liabilities		140,827,203	144,793,937	20,497,783	22,568,114
Total equity and liabilities		445,212,933	442,182,787	217,076,941	221,728,963

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2014

	Note	2014 $	2013 $
Revenue	24	418,416,946	403,315,561
Cost of sales		(333,130,205)	(317,330,741)
Gross profit		85,286,741	85,984,820
Other income		3,847,377	2,128,496
Distribution expenses		(43,731,589)	(42,754,746)
Administrative expenses		(30,153,694)	(29,664,310)
Other expenses		(1,333,934)	(708,561)
Results from operating activities		13,914,901	14,985,699
Finance income		1,710,144	3,389,203
Finance costs		(4,434,654)	(2,343,130)
Net finance (costs)/income	26	(2,724,510)	1,046,073
Share of loss of associates (net of tax)		–	(768,765)
Profit before tax		11,190,391	15,263,007
Tax expense	27	(4,921,612)	(3,615,415)
Profit for the year	25	6,268,779	11,647,592
Profit attributable to:			
Owners of the Company		2,448,927	6,638,375
Non-controlling interests		3,819,852	5,009,217
Profit for the year		6,268,779	11,647,592
Earnings per share			
Basic earnings per share (cents)	28	0.44	1.20
Diluted earnings per share (cents)	28	0.44	1.19

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2014

	2014 $	2013 $
Profit for the year	6,268,779	11,647,592
Other comprehensive income – items that are or may be reclassified subsequently to profit or loss		
Foreign currency translation differences of foreign operations	1,504,996	3,656,803
Share of foreign currency translation differences of associates	–	2,885,497
Net change in fair value of available-for-sale financial assets	312,033	620,083
Other comprehensive income for the year, net of tax	1,817,029	7,162,383
Total comprehensive income for the year	8,085,808	18,809,975
Total comprehensive income attributable to:		
Owners of the Company	3,701,038	12,029,755
Non-controlling interests	4,384,770	6,780,220
Total comprehensive income for the year	8,085,808	18,809,975

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2014

Group	Share capital $	Treasury shares $	Other reserves $
	Attributable to		
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

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

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 CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2014

Group	Share capital $	Treasury shares $	Other reserves $
	← Attributable to		
At 1 January 2014	204,227,894	(4,226,401)	4,262,123
Total comprehensive income for the year			
Profit for the year	–	–	–
Other comprehensive income			
Foreign currency translation differences of foreign operations	–	–	–
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	97,715	–	(17,715)
Share-based payment transactions	–	–	(1,771)
Unclaimed dividend reversed	–	–	–
Total contributions by and distributions to owners	97,715	–	(19,486)
Transfer between reserves			
Appropriation of retained earnings to other reserves	–	–	824,124
Total transactions with owners	97,715	–	804,638
At 31 December 2014	204,325,609	(4,226,401)	5,066,761

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

owners of the Company →					
Fair value reserve $	Translation reserve $	Retained earnings $	Total $	Non-controlling interests $	Total equity $
1,070,798	311,663	50,789,388	256,435,465	40,953,385	297,388,850
–	–	2,448,927	2,448,927	3,819,852	6,268,779
–	974,686	–	974,686	530,310	1,504,996
277,425	–	–	277,425	34,608	312,033
277,425	974,686	–	1,252,111	564,918	1,817,029
277,425	974,686	2,448,927	3,701,038	4,384,770	8,085,808
–	–	–	–	(1,171,796)	(1,171,796)
–	–	–	80,000	–	80,000
–	–	1,771	–	–	–
–	–	2,868	2,868	–	2,868
–	–	4,639	82,868	(1,171,796)	(1,088,928)
–	–	(824,124)	–	–	–
–	–	(819,485)	82,868	(1,171,796)	(1,088,928)
1,348,223	1,286,349	52,418,830	260,219,371	44,166,359	304,385,730

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Profit for the year		6,268,779	11,647,592
Adjustments for:			
Amortisation of deferred income		(112,039)	(103,713)
Depreciation of investment properties	6	24,062	26,252
Depreciation of property, plant and equipment	4	8,501,906	8,314,529
(Gain)/loss on disposal of:			
– investment properties		(13,774)	–
– property, plant and equipment		(207,571)	193,323
Net finance costs/(income)		2,724,510	(1,046,073)
Property, plant and equipment written off		92,099	103,107
Impairment allowance reversed on property, plant and equipment		–	(145,362)
Share of loss of associates (net of tax)		–	768,765
Tax expense		4,921,612	3,615,415
Unrealised exchange loss		184,413	1,099,019
		22,383,997	24,472,854
Changes in working capital:			
Inventories		(1,694,225)	(6,068,982)
Trade and other receivables		2,840,615	(23,851,132)
Trade and other payables		(5,135,052)	20,190,363
Cash generated from operating activities		18,395,335	14,743,103
Tax paid		(6,345,964)	(5,140,167)
Net cash from operating activities		12,049,371	9,602,936

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2014

	Note	2014 $	2013 $
Cash flows from investing activities			
Deposits received in relation to assets held for sale		8,275,952	–
Dividends received		–	1,504
Interest received		975,764	825,300
Investment in an associate		–	(4,024,234)
Proceeds from partial settlement of debt security		818,000	9,072,520
Proceeds from disposal of:			
– asset held for sale		–	11,601,900
– investment properties		119,172	–
– property, plant and equipment		923,733	825,039
Purchase of property, plant and equipment		(10,984,054)	(11,778,832)
Purchase of financial assets		(4,315)	–
Net cash from investing activities		124,252	6,523,197
Cash flows from financing activities			
Decrease in pledged deposits		2,573,603	826,996
Dividends paid to non-controlling interests		(1,171,796)	(605,086)
Interest paid		(2,637,818)	(2,759,687)
Payment of finance lease liabilities		(679,139)	(2,664,926)
Proceeds from borrowings		63,322,735	66,169,343
Proceeds from exercise of share options		80,000	242,000
Repayment of borrowings		(67,157,625)	(66,896,944)
Repurchase of own shares		–	(1,209,338)
Net cash used in financing activities		(5,670,040)	(6,897,642)
Net increase in cash and cash equivalents		6,503,583	9,228,491
Cash and cash equivalents at 1 January		110,272,923	101,331,893
Effect of exchange rate fluctuations on cash held		(341,672)	(287,461)
Cash and cash equivalents at 31 December	15	116,434,834	110,272,923

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

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 30 March 2015.

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 2014 comprise the Company and its subsidiaries (together referred to as the "**Group**" and individually as "**Group entities**") and the Group's interest in equity–accounted investees.

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.

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:

- Note 3.9(i) – impairment of available-for-sale financial assets; and
- Note 4 – determination of the recoverable amount of property, plant and equipment.

2. BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements (Continued)

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 – impairment test: key assumptions underlying recoverable amounts of property, plant and equipment;
- Note 5 – key assumptions underlying recoverable amounts relating to goodwill;
- Note 10 – utilisation of tax losses;
- Note 11 – estimate of net realisable value for inventories; and
- Note 20 – valuation of financial instruments.

Measurement of fair values

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

The Group has an established control framework with respect to the measurement of fair values. 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, then the team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2. BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements (Continued)

Measurement of fair values (Continued)

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

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

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

Note 6 – Investment properties; and
Note 20 – Financial instruments.

2.5 Changes in accounting policies

(i) Subsidiaries

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

The adoption of FRS 110 has no significant impact to the Group.

(ii) Disclosure of interests in other entities

From 1 January 2014, as a result of FRS 112 Disclosure of Interests in Other Entities, the Group has expanded its disclosures about its interests in subsidiaries (see note 18), associates (see note 8).

(iii) Disclosure of recoverable amount for non–financial assets

The Amendments to FRS 36: Impairment of assets – Recoverable Amount Disclosures for Non–Financial Assets came into effect on 1 January 2014. The amendments to FRS 36 were issued to address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

The adoption of the *Amendments* to FRS 36 has no significant impact to the Group.

2. BASIS OF PREPARATION (CONTINUED)

2.5 Changes in accounting policies (Continued)

(iv) Offsetting of financial assets and financial liabilities

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

The adoption of the *Amendments to FRS 32* has no significant impact to the Group.

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.

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

When share–based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market–based value of the replacement awards compared with the market–based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(i) Business combinations (Continued)

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.

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

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(iv) Investments in associates (equity–accounted investees)

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

Investments in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity–accounted investees, after adjustments to align the accounting policies 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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currency (Continued)

(i) Foreign currency transactions (Continued)

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

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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments

(i) Non–derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the 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, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

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

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(i) Non–derivative financial assets (Continued)

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.

Available–for–sale financial assets

Available–for–sale financial assets are non–derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available–for–sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available–for–sale debt instruments, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(ii) Non–derivative financial liabilities (Continued)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment (Continued)

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 35 to 44 years
• renovations	3 to 10 years
• furniture, fittings and office equipment	3 to 13 1/3 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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Inventories (Continued)

(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.

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. The Group considers a decline of 20% to be significant and a period of 9 months to be prolonged.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Impairment (Continued)

(i) Non–derivative financial assets (Continued)

Loans and receivables and held–to–maturity investment securities (Continued)

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

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

Available–for–sale financial assets

Impairment 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 cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available–for–sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss.

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

Associates

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 8. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Impairment (Continued)

(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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

3.11 Employee benefits

(i) Defined contribution plans

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

(ii) Short–term employee benefits

Short–term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short–term cash bonus 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 equity–settled 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

3.16 Finance income and finance costs

Finance income comprises interest income on funds invested (including available–for–sale financial assets), 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Tax (Continued)

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.

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 2014, 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. The Group does not plan to adopt these standards early.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land $	Freehold buildings $	Leasehold buildings $	Leasehold improvements $
Cost				
At 1 January 2013	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
Additions	5,436	–	367,367	–
Disposals	–	–	–	–
Write–offs	–	–	–	–
Reclassification	–	–	(1,099,420)	–
Effect of movements in exchange rates	(8,527)	(20,930)	813,128	–
At 31 December 2014	436,496	3,702,541	52,958,478	9,719,140
Accumulated depreciation and impairment losses				
At 1 January 2013	–	2,968,516	12,458,960	3,346,719
Depreciation charge 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
Depreciation charge for the year	–	19,008	1,829,913	265,450
Disposals	–	–	–	–
Write–offs	–	–	–	–
Effect of movements in exchange rates	–	(7,107)	222,919	–
At 31 December 2014	–	2,987,175	16,671,036	3,877,619
Carrying amounts				
At 1 January 2013	455,816	795,421	34,468,692	6,372,421
At 31 December 2013	439,587	748,197	38,259,199	6,106,971
At 31 December 2014	436,496	715,366	36,287,442	5,841,521

	Renovations $	Furniture, fittings and office equipment $	Warehouse equipment $	Motor vehicles $	Plant and machinery $	Computers $	Total $
	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
	345,371	737,855	226,112	1,336,760	6,527,524	425,432	9,971,857
	–	(12,168)	(105,412)	(1,049,747)	(1,697,655)	(3,580)	(2,868,562)
	(3,000)	(157,534)	–	–	(846,373)	(18,584)	(1,025,491)
	–	1,028,168	–	–	71,252	–	–
	–	3,611	(2,770)	10,318	836,629	(2,175)	1,629,284
	8,880,420	8,068,131	1,569,375	7,277,971	66,101,278	2,356,796	161,070,626
	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
	772,470	716,818	110,618	642,144	3,970,778	174,707	8,501,906
	–	(6,667)	(84,674)	(791,430)	(1,266,051)	(3,578)	(2,152,400)
	(2,725)	(144,135)	–	–	(767,948)	(18,584)	(933,392)
	–	(7,567)	(1,897)	(1,265)	418,405	(2,170)	621,318
	7,228,296	4,835,065	1,056,436	4,124,657	42,800,704	1,394,957	84,975,945
	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
	1,652,124	3,233,066	512,939	3,153,314	23,300,574	961,839	76,094,681

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Leasehold buildings $	Leasehold improvements $	Renovations $
Cost			
At 1 January 2013	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
Additions	–	–	–
Disposals	–	–	–
Write–offs	–	–	(3,000)
At 31 December 2014	8,517,028	9,719,140	7,499,797
Accumulated depreciation			
At 1 January 2013	6,570,203	3,346,719	5,038,608
Depreciation charge 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
Depreciation charge for the year	129,788	265,450	630,711
Disposals	–	–	–
Write–offs	–	–	(2,725)
At 31 December 2014	6,829,779	3,877,619	6,331,521
Carrying amounts			
At 1 January 2013	1,946,825	6,372,421	2,487,589
At 31 December 2013	1,817,037	6,106,971	1,799,262
At 31 December 2014	1,687,249	5,841,521	1,168,276

Furniture, fittings and office equipment $	Warehouse equipment $	Motor vehicles $	Plant and machinery $	Computers $	Total $
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
6,278	29,000	–	–	262,912	298,190
–	(19,812)	(193,696)	–	(3,580)	(217,088)
(8,900)	–	–	–	–	(11,900)
1,121,003	860,431	1,399,441	453,369	1,896,360	31,466,569
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
63,973	75,671	109,622	36,849	151,634	1,463,698
–	(19,811)	(168,437)	–	(3,578)	(191,826)
(7,491)	–	–	–	–	(10,216)
1,042,202	665,586	836,391	315,612	1,132,949	21,031,659
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
78,801	194,845	563,050	137,757	763,411	10,434,910

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the year, the Group acquired property, plant and equipment with an aggregate cost of $9,971,857 (2013: $10,455,537). At 31 December 2014, $1,295,936 (2013: $2,413,512) remains unsettled for acquisition of property, plant and equipment.

Included in property, plant and equipment of the Group are assets with a total carrying amount of $439,822 (2013: $4,893,972), which are under finance leases.

The following property, plant and equipment are pledged as security for secured loans and borrowings (note 19):

	Group	
	2014	**2013**
	$	**$**
Carrying amounts		
Leasehold buildings	24,988,342	21,137,167
Plant and machinery	5,318,133	5,002,891
	30,306,475	26,140,058

Impairment of property, plant and equipment

In 2014, the Group carried out a review of the recoverable amounts of property, plant and equipment. The review results in no additional impairment made or reversed. The recoverable amounts of the property, plant and equipment were based on their value-in-use, and pre-tax discount rates of 11%–14% and 13% used for Packaging and Consumer Business segment respectively.

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.

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.

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 2013	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
Effect of movements in exchange rates	22,464	–	22,464
At 31 December 2014	1,161,846	363,050	1,524,896
Accumulated amortisation			
At 1 January 2013/31 December 2013/ 31 December 2014	–	363,050	363,050
Carrying amounts			
At 1 January 2013	1,070,463	–	1,070,463
At 31 December 2013	1,139,382	–	1,139,382
At 31 December 2014	1,161,846	–	1,161,846

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 29.

The aggregate carrying amount of goodwill is allocated to the Packaging segment. 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.

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

	Revenue growth rate %
2014	
Packaging	3 – 7
2013	
Packaging	3 – 8

5. INTANGIBLE ASSETS (CONTINUED)

The forecasted revenue 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. In determining appropriate discount rates for each CGU, regard has been given to the weighted average cost of capital. The pre–tax discount rates for each CGU ranged between 11% – 14% (2013: 18% – 20%). 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

	Group	
	2014	**2013**
	$	**$**
Cost		
At 1 January	1,272,339	1,319,312
Disposals	(123,420)	–
Effect of movements in exchange rates	(21,385)	(46,973)
At 31 December	1,127,534	1,272,339
Accumulated depreciation		
At 1 January	175,985	156,099
Depreciation charge for the year	24,062	26,252
Disposals	(18,022)	–
Effect of movements in exchange rates	(3,522)	(6,366)
At 31 December	178,503	175,985
Carrying amounts		
At 1 January	1,096,354	1,163,213
At 31 December	949,031	1,096,354
Fair value		
At 31 December	1,468,463	1,674,737

The investment properties comprise a number of resort apartments.

Measurement of fair value

Fair value hierarchy

The fair values for disclosure purpose 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.

6. INVESTMENT PROPERTIES (CONTINUED)

The valuations as at 31 December 2014 and 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 fair value measurement for investment properties has been categorised as a Level 3 fair value.

The following table shows the key unobservable input used in the valuation of investment properties as at 31 December 2014:

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.

7. SUBSIDIARIES

	Company	
	2014	2013
	$	$
Equity investments at cost	48,218,053	48,218,053
Impairment losses	(6,976,630)	(6,056,788)
	41,241,423	42,161,265
Loan to a subsidiary	–	3,500,000

The loan to a subsidiary was unsecured, bore interest at 4% per annum. The loan had been fully repaid in 2014.

In 2014, 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 $919,842 (2013: $1,686,166) 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.

7. SUBSIDIARIES (CONTINUED)

Details of key subsidiaries are as follows:

	Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group 2014 %	2013 %
@	Topseller Pte Ltd	Marketing and sale of agency lines and proprietary brands	Singapore	100	100
*	Econ Minimart Services Pte Ltd	Dormant	Singapore	–	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
^	Socma Trading (M) Sendirian Berhad and its subsidiaries:	Marketing and sale of household and consumer products	Malaysia	100	100
^	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 subsidiary:	Investment holding	Singapore	100	100
∞	Guangzhou PSC Properties Co., Ltd and its subsidiary:	Property development, property holdings and property related activities	People's Republic of China ("PRC")	100	100
∞	PSC (China) Property Co., Limited	Property development, property holdings and property related activities	Hong Kong	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

7. SUBSIDIARIES (CONTINUED)

	Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group 2014 %	2013 %
^	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
^	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.	Inactive	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
Ω	Health Solutions Services Sdn. Bhd.	Dormant	Malaysia	95	95
Ω	HS Medeq Consult Sdn. Bhd.	Dormant	Malaysia	95	95

7. SUBSIDIARIES (CONTINUED)

	Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group 2014 %	2013 %
▽	Health Solutions Medical Services (Vietnam) Co., Ltd.	Dormant	Vietnam	95	95
▽	PT Health Solutions Indonesia	Dormant	Indonesia	90.3	90.3
*	Education Solutions International Pte. Ltd.	Dormant	Singapore	–	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.
Struck off on 5 March 2014.
* Struck off on 24 December 2014.

8. ASSOCIATES

	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
Investment in associates	2,393,055	2,393,055	8,044,492	8,044,492
Impairment losses	(2,393,055)	(2,393,055)	(8,044,492)	(8,044,492)
	–	–	–	–

Details of key associates are as follows:

	Name of associate	Principal activities	Country of incorporation	Effective equity held by the Group 2014 %	the Group 2013 %	the Company 2014 %	the Company 2013 %
&	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	–	–

8. ASSOCIATES (CONTINUED)

	Name of associate	Principal activities	Country of incorporation	Effective equity held by the Group 2014 %	the Group 2013 %	the Company 2014 %	the Company 2013 %
&	Harbin Puwei Real Estate Development Co Ltd	Inactive	People's Republic of China	40	40	–	–
&	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.

The associates are audited by other certified public accountants. These entities are not significant as defined under the Listing Rule 718 of Singapore Exchange Listing Manual. For this purpose, an associated company is considered significant if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre–tax profits accounts for 20% or more of the Group's consolidated pre–tax profits.

In prior years, the Group assessed the carrying amount of the interests in associates and recognised impairment losses to write down the investment costs to nil. Since the Group has no obligation in respect of the losses of the associates that exceed the Group's interests in those associates, the equity accounting for loss recognition had been suspended in prior years. There is no significant change to the financial condition of the associates in 2014. As such, the Group's interests in associates remained as fully impaired at 31 December 2014.

9. OTHER FINANCIAL ASSETS

	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
Non-current investments				
Available-for-sale financial assets	2,732,036	2,414,125	1,900,036	1,678,125
Held-to-maturity investments	–	2,616,000	–	2,616,000
	2,732,036	5,030,125	1,900,036	4,294,125
Current investments				
Held-to-maturity investments	2,724,800	–	2,724,800	–
Financial assets designated at fair value through profit or loss	3,052,372	4,969,174	3,052,372	4,969,174
	5,777,172	4,969,174	5,777,172	4,969,174

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% (2013: 6%) per annum and matured in February 2015. As at 31 December 2014, held-to-maturity investments of the Group related to investment in the debt securities of an investee company.

9. OTHER FINANCIAL ASSETS (CONTINUED)

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 are disclosed in note 20.

10. DEFERRED TAX ASSETS AND LIABILITIES

Movements in temporary differences during the year are as follows:

	At 1 January 2013 $	Recognised in profit or loss (Note 27) $	Effect of movements in exchange rates $	At 31 December 2013 $	Recognised in profit or loss (Note 27) $	Effect of movements in exchange rates $	At 31 December 2014 $
Group							
Deferred tax assets							
Trade and other receivables	94,901	111,878	(2,374)	204,405	41,049	136	245,590
Tax value of loss carry forward	295,657	773,358	(8,057)	1,060,958	94,190	–	1,155,148
Trade and other payables	883,843	1,907	(20)	885,730	(26,392)	(88)	859,250
Other items	22,110	8,132	(440)	29,802	(30,293)	491	–
Total	1,296,511	895,275	(10,891)	2,180,895	78,554	539	2,259,988
Deferred tax liabilities							
Property, plant and equipment	(2,415,308)	604,778	24,173	(1,786,357)	(113,777)	5,728	(1,894,406)
Other financial assets	(719,762)	52,629	53	(667,080)	(27,744)	–	(694,824)
Other items	–	(3,977)	123	(3,854)	(29,750)	1,630	(31,974)
Total	(3,135,070)	653,430	24,349	(2,457,291)	(171,271)	7,358	(2,621,204)

	At 1 January 2013 $	Recognised in profit or loss $	At 31 December 2013 $	Recognised in profit or loss $	At 31 December 2014 $
Company					
Deferred tax assets					
Tax value of loss carry forward	131,312	(131,312)	–	–	–
Other items	41,408	(41,408)	–	–	–
Total	172,720	(172,720)	–	–	–
Deferred tax liabilities					
Property, plant and equipment	(542,597)	542,597	–	–	–
Other financial assets	(26,800)	26,800	–	–	–
Total	(569,397)	569,397	–	–	–

10. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

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	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Deferred tax liabilities	2,042,182	2,071,039	–	–
Deferred tax assets	1,680,966	1,794,643	–	–

Unrecognised deferred tax assets

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

	Group	
	2014	**2013**
	$	**$**
Tax losses	27,637,513	16,874,911
Deductible temporary differences	275,105	303,148
	27,912,618	17,178,059

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. $742,100 (2013: $786,224) 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 2014, deferred tax liabilities for temporary differences of $40,671,094 (2013: $37,193,084) 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.

11. INVENTORIES

	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
Finished goods:				
– at cost	25,275,220	21,846,940	9,024,526	6,437,834
Packing materials	824,826	789,273	–	–
Raw materials	15,537,902	17,297,985	–	–
Work–in–progress	487,451	524,684	–	–
	42,125,399	40,458,882	9,024,526	6,437,834

In 2014, the Group recognised an allowance for inventory obsolescence of $2,019,096 (2013: $90,490) and wrote off inventories amounting to $533,423 (2013: $513,462). The allowance made and write-off were 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

	Note	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
Trade receivables		137,423,041	136,981,655	7,198,810	6,500,447
Impairment losses		(2,790,481)	(2,443,484)	(11,658)	(11,658)
Net trade receivables		134,632,560	134,538,171	7,187,152	6,488,789
Deposits		699,068	906,797	14,300	17,614
Non–trade receivables		11,823,672	11,407,050	816,806	909,734
Impairment losses		(3,711,506)	(2,638,644)	–	–
Net non–trade receivables		8,112,166	8,768,406	816,806	909,734
Tax recoverable		477,496	34,480	–	–
Amounts due from:					
– subsidiaries	13	–	–	61,961,119	72,540,248
– associates	14	–	–	–	–
Trade and other receivables		143,921,290	144,247,854	69,979,377	79,956,385
Advance to suppliers		1,459,213	1,533,102	–	338,008
Prepayments		1,567,203	1,581,618	32,446	16,547
		146,947,706	147,362,574	70,011,823	80,310,940

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

Included in non–trade receivables of the Group as at 31 December 2014 was an amount of $4,350,765 (2013: $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, $1,400,000 (2013: $814,900) was received. This receivable constituted 3% (2013: 3%) of the Group's trade and other receivables as at 31 December 2014 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 are disclosed in note 20.

13. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2014 $	2013 $
Interest–bearing loans	–	3,000,000
Current accounts:		
– trade	687,455	271,575
– impairment losses	(96,082)	(90,947)
	591,373	180,628
– non–trade	76,246,887	83,385,907
– impairment losses	(14,877,141)	(14,026,287)
	61,369,746	69,359,620
	61,961,119	72,540,248

The interest–bearing loans were unsecured and repayable on demand. The loans bore interest at 4% per annum and had been repaid in 2014. The non–trade current account balances are unsecured, interest–free and repayable on demand.

14. AMOUNTS DUE FROM ASSOCIATES

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Non–trade	11,137,816	11,524,838	1,422,193	1,422,193
Impairment losses	(11,137,816)	(11,524,838)	(1,422,193)	(1,422,193)
	–	–	–	–

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

The Group recorded a reversal of impairment losses of $235,616 (2013: $563,704) during the year. The reversal of impairment loss in 2014 and 2013 were included in other expenses. The movement in the balances during the current year also included exchange adjustments.

15. CASH AND CASH EQUIVALENTS

		Group		Company	
	Note	2014 $	2013 $	2014 $	2013 $
Cash at bank and in hand		46,201,842	41,025,950	19,093,135	9,739,813
Fixed deposits with banks		73,532,917	77,835,011	59,593,916	58,688,448
Cash and cash equivalents in the statement of financial position		119,734,759	118,860,961	78,687,051	68,428,261
Bank overdrafts	19	–	(2,714,510)	–	–
Deposits pledged		(3,299,925)	(5,873,528)	–	–
Cash and cash equivalents in the statement of cash flows		116,434,834	110,272,923	78,687,051	68,428,261

Bank deposits pledged represents amounts pledged as security by certain subsidiaries to obtain credit facilities (note 19).

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 20.

16. ASSETS HELD FOR SALE

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Carrying amount	48,009,337	47,045,667	–	–

Asset held for sale comprise the investment in Million Cube Limited, which had been reclassified from investments in associates in 2013 pursuant to a plan to dispose of the investment. The movement during the year represents exchange adjustment.

17. CAPITAL AND RESERVES

Share capital

	2014 No. of shares	2013 No. of shares
Group and Company		
In issue at 1 January	570,496,746	569,396,746
Exercise of share options	500,000	1,100,000
In issue at 31 December	570,996,746	570,496,746

At 31 December 2014, the Company held 17,581,000 (2013: 17,581,000) of its own uncancelled shares.

The total number of issued shares excluding treasury shares as at the end of the year ended 31 December 2014 was 553,415,746 (2013: 552,915,746).

17. CAPITAL AND RESERVES (CONTINUED)

In 2014, 500,000 (2013: 1,100,000) 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 $0.16 (2013: $0.22) per share (see note 21).

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	
	2014 $	2013 $	2014 $	2013 $
Other reserves	5,066,761	4,262,123	490,913	510,399
Fair value reserve	1,348,223	1,070,798	1,055,585	839,552
Translation reserve	1,286,349	311,663	–	–
Retained earnings/ (Accumulated losses)	52,418,830	50,789,388	(5,066,548)	(2,190,595)
	60,120,163	56,433,972	(3,520,050)	(840,644)

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 2014, the statutory reserve included in other reserves is $3,999,932 (2013: $3,175,808).

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.

17. CAPITAL AND RESERVES (CONTINUED)

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.

Paid by subsidiaries to non–controlling interests

	Group	
	2014	**2013**
	$	**$**
Final tax–exempt dividend paid of 4.92 cents (2013: 4.92 cents) per share in respect of financial year ended 31 December 2013 (2013: in respect of financial year ended 31 December 2012)	38,376	38,376
Final tax–exempt dividend paid of 1.00 cents (2013: nil) per share in respect of financial year ended 31 December 2013 (2013: in respect of financial year ended 31 December 2012)	566,710	–
Interim tax–exempt dividend paid of 1.00 cent (2013: 1.00 cent) per share in respect of financial year ended 31 December 2014 (2013: in respect of financial year ended 31 December 2013)	566,710	566,710
	1,171,796	605,086

18. NON-CONTROLLING INTERESTS

The following summarises the financial information of each of the Group's subsidiaries with material non-controlling interests (NCI), based on their respective (consolidated) financial statements prepared in accordance with FRS.

	Tat Seng Packaging Group Ltd and its subsidiaries $	Tipex Pte Ltd and its subsidiaries $	Other individually immaterial subsidiaries $	Consolidation adjustments $	Total $
2014					
Revenue	224,545,010	26,268,317			
Profit	9,556,399	1,581,090			
OCI	1,678,132	(240,634)			
Total comprehensive income	11,234,531	1,340,456			
Attributable to NCI:					
– Profit/(loss)	3,487,580	411,084	(35,065)	(43,747)	3,819,852
– OCI	598,071	(62,570)	4,603	24,814	564,918
– Total comprehensive income	4,085,651	348,514	(30,462)	(18,933)	4,384,770
Non-current assets	59,967,650	1,880,687			
Current assets	136,617,131	24,079,535			
Non-current liabilities	(2,371,071)	(166,715)			
Current liabilities	(100,584,228)	(2,750,481)			
Net assets	93,629,482	23,043,026			
Net assets attributable to NCI	37,213,171	5,991,187	(142,085)	1,104,084	44,166,357
Cash flows from operating activities	11,034,962	1,390,572			
Cash flows used in investing activities	(8,026,236)	(273,241)			
Cash flows used in financing activities (dividends to NCI: note 17)	(10,624,457)	(147,600)			
Net (decrease)/increase in cash and cash equivalents	(7,615,731)	969,731			

	Tat Seng Packaging Group Ltd and its subsidiaries $	Tipex Pte Ltd and its subsidiaries $	Other individually immaterial subsidiaries $	Consolidation adjustments $	Total $
2013					
Revenue	215,600,904	29,614,688			
Profit	12,199,675	2,304,097			
OCI	4,436,627	(435,405)			
Total comprehensive income	16,636,302	1,868,692			
Attributable to NCI:					
– Profit/(loss)	4,629,921	599,065	(119,306)	(100,463)	5,009,217
– OCI	1,801,489	(113,205)	9,980	72,739	1,771,003
– Total comprehensive income	6,431,410	485,860	(109,326)	(27,724)	6,780,220
Non–current assets	57,643,430	1,818,055			
Current assets	145,755,500	23,108,779			
Non–current liabilities	(7,266,220)	(157,127)			
Current liabilities	(110,596,627)	(2,919,517)			
Net assets	85,536,083	21,850,190			
Net assets attributable to NCI	34,259,897	5,681,049	(111,622)	1,124,057	40,953,385
Cash flows from operating activities	11,126,217	1,386,721			
Cash flows used in investing activities	(9,854,926)	(286,073)			
Cash flows used in financing activities (dividends to NCI: note 17)	(4,528,775)	(147,600)			
Net (decrease)/increase in cash and cash equivalents	(3,257,484)	953,048			

19. 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 20.

	Group	
	2014	2013
	$	$
Non–current liabilities		
Secured bank loans	1,156,674	2,493,734
Finance lease liabilities	61,278	–
	1,217,952	2,493,734
Current liabilities		
Bank overdrafts	–	2,714,510
Secured bank loans	10,747,463	8,169,749
Unsecured bank loans	8,795,420	9,881,859
Bills payable	11,535,975	15,091,475
Finance lease liabilities	16,008	688,048
Loan from non–controlling interests	639,535	627,092
	31,734,401	37,172,733
Total loans and borrowings	32,952,353	39,666,467

Terms and debt repayment schedule

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

				2014		2013	
	Currency	Nominal interest rate	Year of maturity	Face Value	Carrying amount	Face Value	Carrying amount
	%	$	$	$	$	$	$
Group							
Bank overdrafts	RM/SGD	7.10	2014	–	–	2,714,510	2,714,510
Bills payable (secured)	RMB	–	2014	–	–	6,178,262	6,178,262
Bills payable (secured)	RMB	–	2015	9,392,836	9,392,836	–	–
Bills payable (unsecured)	RMB/SGD	–	2014	–	–	8,913,213	8,913,213
Bills payable (unsecured)	RMB	–	2015	2,143,139	2,143,139	–	–
Finance lease liabilities (secured)	RMB	4.80 – 7.35	2014	–	–	695,717	688,048
Finance lease liabilities (secured)	SGD	4.48	2019	86,102	77,286	–	–
Loan A (secured)	RMB	6.16 – 7.80	2015	7,744,245	7,744,245	–	–
Loan B (secured)	RMB	7.20/7.38	2015	2,543,222	2,543,222	4,384,206	4,384,206
Loan C (secured)	SGD	3.40	2018	1,616,670	1,616,670	–	–
Loan D (secured)	RMB	6.44 – 6.60	2014	–	–	4,598,671	4,598,671
Loan E (secured)	RMB	7.20	2014	–	–	1,680,606	1,680,606
Loan F (unsecured)	RMB	5.60 – 6.90	2014	–	–	9,881,859	9,881,859
Loan G (unsecured)	RMB	5.60 – 6.60	2015	8,795,420	8,795,420	–	–
Loan with non–controlling interests (unsecured)	RMB	6.44/6.60	2015/2014	639,535	639,535	627,092	627,092
Total loans and borrowings				32,961,169	32,952,353	39,674,136	39,666,467

19. LOANS AND BORROWINGS (CONTINUED)

Terms and debt repayment schedule (Continued)

(i) The bank overdrafts and certain bills payable of the Group are secured on bank deposits of $3,299,925 (2013: $5,873,528) (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 ease payments 2014 $	Interest 2014 $	Present value of minimum lease payments 2014 $	Future minimum lease payments 2013 $	Interest 2013 $	Present value of minimum lease payments 2013 $
Group						
Within one year	17,832	1,824	16,008	695,717	7,669	688,048
Between one and five years	68,270	6,992	61,278	–	–	–
	86,102	8,816	77,286	695,717	7,669	688,048

Intra-group financial guarantees

Intra-group financial guarantees comprise guarantees given by the Company to banks in respect of banking facilities amounting to $5,004,645 (2013: $5,102,069) granted to a wholly-owned and a non-wholly owned subsidiary. 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.

20. 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.

20. FINANCIAL INSTRUMENTS (CONTINUED)

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 date, if the facility is drawn down by the subsidiary is $3,870,405 (2013: $3,945,749). 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.

20. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (Continued)

Trade and other receivables (Continued)

Exposure to credit risk

The maximum exposure to credit risk for trade receivables (including trade amounts due from subsidiaries in the Company's statement of financial position) at the reporting date (by type of customer) was as follows:

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Consumer business	35,319,305	35,403,873	7,778,525	6,669,417
Packaging	99,313,255	99,134,298	–	–
	134,632,560	134,538,171	7,778,525	6,669,417

Impairment losses

The ageing of trade receivables (including trade amounts due from subsidiaries in the Company's statement of financial position) at reporting date was as follows:

	Gross 2014 $	Impairment 2014 $	Gross 2013 $	Impairment 2013 $
Group				
Not past due	120,692,102	–	119,185,801	–
Past due 0 – 90 days	12,604,228	112,368	14,829,078	229,267
Past due 91 – 180 days	278,834	77,400	646,656	53,230
Past due 181 – 365 days	1,164,943	183,964	183,934	80,664
More than one year	2,682,934	2,416,749	2,136,186	2,080,323
	137,423,041	2,790,481	136,981,655	2,443,484
Company				
Not past due	7,226,043	96,082	6,250,075	91,104
Past due 0 – 90 days	635,958	–	510,446	–
Past due 91 – 180 days	12,763	–	–	–
Past due 181 – 365 days	–	–	–	–
More than one year	11,501	11,658	11,501	11,501
	7,886,265	107,740	6,772,022	102,605

20. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (Continued)

Trade and other receivables (Continued)

Impairment losses (Continued)

The movement in the allowance for impairment in respect of trade receivables (including trade amounts due from subsidiaries in the Company's statement of financial position) during the year was as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
At 1 January	2,443,484	2,939,677	102,605	524,185
Impairment loss recognised/ (reversed)	363,298	(186,450)	5,135	(421,580)
Utilised	(16,301)	(309,743)	–	–
At 31 December	2,790,481	2,443,484	107,740	102,605

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
At 1 January	14,163,482	13,850,561	15,448,480	16,914,512
Impairment loss recognised/ (reversed)	697,893	592,005	850,854	(1,466,032)
Effect of movements in exchange rates	(12,053)	(279,084)	–	–
At 31 December	14,849,322	14,163,482	16,299,334	15,448,480

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 2014, 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 2013.

20. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (Continued)

Trade and other receivables (Continued)

Impairment losses (Continued)

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	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Bankers' guarantee	677,532	947,003	290,000	550,000
Fixed deposits	2,425,000	2,545,000	2,425,000	2,545,000
	3,102,532	3,492,003	2,715,000	3,095,000

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 non-trade receivables is described in note 12. 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.

20. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk (Continued)

Exposure to liquidity risk

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				
2014				
Non–derivative financial liabilities				
Variable rate loans	15,796,445	(16,489,628)	(15,278,448)	(1,211,180)
Fixed rate loans	4,903,111	(5,013,132)	(5,013,132)	–
Bills payable	11,535,975	(11,535,975)	(11,535,975)	–
Finance lease liabilities	77,286	(86,102)	(17,832)	(68,270)
Loan from non–controlling interests	639,536	(722,644)	(722,644)	–
Trade and other payables	103,831,229	(103,831,229)	(103,831,229)	–
	136,783,582	(137,678,710)	(136,399,260)	(1,279,450)

	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)	–
	139,627,174	(140,768,478)	(137,952,678)	(2,815,800)
Company				
2014				
Non–derivative financial liabilities				
Trade and other payables	20,497,783	(20,497,783)	(20,497,783)	–
2013				
Non–derivative financial liabilities				
Trade and other payables	22,568,114	(22,568,114)	(22,568,114)	–

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.

20. FINANCIAL INSTRUMENTS (CONTINUED)

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.

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.

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						
2014						
Other financial assets	–	5,777,172	–	–	–	–
Trade and other receivables	2,407,251	4,361,921	–	2,640,599	1,016,142	89,525
Cash and cash equivalents	273,543	16,927,774	10,218,726	598,946	686,880	1,787
Trade and other payables	(1,507,240)	(8,524,259)	(445,952)	(38,024,111)	(5,531,777)	(190,456)
Net exposure	1,173,554	18,542,608	9,772,774	(34,784,566)	(3,828,755)	(99,144)
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

20. FINANCIAL INSTRUMENTS (CONTINUED)

Currency risk (Continued)

Exposure to currency risk (Continued)

	Malaysian Ringgit $	Hong Kong Dollar $	Australian Dollar $	US Dollar $	Other currencies $
Company					
2014					
Other financial assets	–	5,777,172	–	–	–
Trade and other receivables	1,890,400	11,156	–	–	–
Cash and cash equivalents	41,275	16,927,774	10,218,726	27,500	1,787
Trade and other payables	–	–	–	(1,425,105)	–
Net exposure	1,931,675	22,716,102	10,218,726	(1,397,605)	1,787
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

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 2013, as indicated below.

	Group		Company	
	Equity $	Profit or loss $	Equity $	Profit or loss $
2014				
Malaysian Ringgit	(42,994)	(74,361)	–	(193,168)
Hong Kong Dollar	–	(1,854,261)	–	(2,271,610)
Australian Dollar	–	(977,277)	–	(1,021,873)
Singapore Dollar	2,960,654	517,803	–	–
US Dollar	–	382,876	–	139,761
Other currencies	–	9,914	–	(179)
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)

20. FINANCIAL INSTRUMENTS (CONTINUED)

Currency risk (Continued)

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 arises primarily from the 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.

Exposure to interest rate risk

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

	Group Nominal amount		Company Nominal amount	
	2014 $	2013 $	2014 $	2013 $
Fixed rate instruments				
Financial assets	2,724,800	2,616,000	2,724,800	9,116,000
Financial liabilities	(16,616,951)	(5,643,826)	–	–
	(13,892,151)	(3,027,826)	2,724,800	9,116,000
Variable rate instruments				
Financial assets	86,256,371	94,767,072	59,593,916	58,688,448
Financial liabilities	(4,799,427)	(18,931,166)	–	–
	81,456,944	75,835,906	59,593,916	58,688,448

20. FINANCIAL INSTRUMENTS (CONTINUED)

Currency risk (Continued)

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 2013.

	Profit or loss			
	Group		Company	
	1% increase $	1% decrease $	1% increase $	1% decrease $
2014				
Variable rate instruments	814,569	(814,569)	595,939	(595,939)
2013				
Variable rate instruments	758,359	(758,359)	586,884	(586,884)

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.

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 2013.

	Group		Company	
	10% increase $	10% decrease $	10% increase $	10% decrease $
2014				
Profit before tax	305,237	(305,237)	305,237	(305,237)
Equity	273,204	(273,204)	190,004	(190,004)
2013				
Profit before tax	496,917	(496,917)	496,917	(496,917)
Equity	241,412	(241,412)	167,813	(167,813)

20. FINANCIAL INSTRUMENTS (CONTINUED)

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 excludes 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, subsidiaries of the Group which operated in People's Republic of China (the "**PRC**") are required by the Foreign Enterprise Law of 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 2014 and 2013.

20. FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values

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

	← Carrying		
	Loans and receivables **$**	**Available-for-sale** **$**	**Designated at fair value** **$**
Group			
2014			
Financial assets measured at fair value			
Available-for-sale financial assets	–	2,732,036	–
Financial assets designated at fair value through profit or loss	–	–	3,052,372
	–	2,732,036	3,052,372
Financial assets not measured at fair value			
Cash and cash equivalents	119,734,759	–	–
Trade and other receivables#	143,921,290	–	–
Held-to-maturity investments	–	–	–
	263,656,049	–	–
Financial liabilities not measured at fair value			
Secured bank loans	–	–	–
Unsecured bank loans	–	–	–
Bills payable	–	–	–
Finance lease liabilities	–	–	–
Loan from non-controlling interests	–	–	–
Trade and other payables	–	–	–
	–	–	–

\# exclude advance to suppliers and prepayments

amount			Fair value			
Held–to–maturity $	Other financial liabilities $	Total $	Level 1 $	Level 2 $	Level 3 $	Total $
–	–	2,732,036	2,732,036	–	–	2,732,036
–	–	3,052,372	3,052,372	–	–	3,052,372
–	–	5,784,408				
–	–	119,734,759				
–	–	143,921,290				
2,724,800	–	2,724,800	–	2,865,140	–	2,865,140
2,724,800	–	266,380,849				
–	(11,904,137)	(11,904,137)	–	(11,904,137)	–	(11,904,137)
–	(8,795,420)	(8,795,420)				
–	(11,535,975)	(11,535,975)				
–	(77,286)	(77,286)	–	(77,286)	–	(77,286)
–	(639,535)	(639,535)				
–	(103,831,229)	(103,831,229)				
–	(136,783,582)	(136,783,582)				

20. FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (Continued)

	Carrying		
	Loans and receivables	**Available-for-sale**	**Designated at fair value**
	$	**$**	**$**
Group			
2013			
Financial assets measured at fair value			
Available-for-sale financial assets	–	2,414,125	–
Financial assets designated at fair value through profit or loss	–	–	4,969,174
	–	2,414,125	4,969,174
Financial assets not measured at fair value			
Cash and cash equivalents	118,860,961	–	–
Trade and other receivables#	144,247,854	–	–
Held-to-maturity investments	–	–	–
	263,108,815	–	–
Financial liabilities not measured at fair value			
Bank overdrafts	–	–	–
Secured bank loans	–	–	–
Unsecured bank loans	–	–	–
Bills payable	–	–	–
Finance lease liabilities	–	–	–
Loan from non–controlling interests	–	–	–
Trade and other payables	–	–	–
	–	–	–

exclude advance to suppliers and prepayments

amount			Fair value			
Held-to-maturity $	Other financial liabilities $	Total $	Level 1 $	Level 2 $	Level 3 $	Total $
–	–	2,414,125	2,414,125	–	–	2,414,125
–	–	4,969,174	4,969,174	–	–	4,969,174
–	–	7,383,299				
–	–	118,860,961				
–	–	144,247,854				
2,616,000	–	2,616,000	–	2,728,002	–	2,728,002
2,616,000	–	265,724,815				
–	(2,714,510)	(2,714,510)				
–	(10,663,483)	(10,663,483)	–	(10,663,483)	–	(10,663,483)
–	(9,881,859)	(9,881,859)				
–	(15,091,475)	(15,091,475)				
–	(688,048)	(688,048)	–	(688,048)	–	(688,048)
–	(627,092)	(627,092)				
–	(99,960,707)	(99,960,707)				
–	(139,627,174)	(139,627,174)				

20. FINANCIAL INSTRUMENTS (CONTINUED)

Accounting classifications and fair values (Continued)

	Carrying		
	Loans and receivables $	**Available-for-sale $**	**Designated at fair value $**
Company			
2014			
Financial assets measured at fair value			
Available-for-sale financial assets	–	1,900,036	–
Financial assets designated at fair value through profit or loss	–	–	3,052,372
	–	1,900,036	3,052,372
Financial assets not measured at fair value			
Cash and cash equivalents	78,687,051	–	–
Trade and other receivables#	69,979,377	–	–
Held-to-maturity investments	–	–	–
	148,666,428	–	–
Financial liabilities not measured at fair value			
Trade and other payables	–	–	–
2013			
Financial assets measured at fair value			
Available-for-sale financial assets	–	1,678,125	–
Financial assets designated at fair value through profit or loss	–	–	4,969,174
	–	1,678,125	4,969,174
Financial assets not measured at fair value			
Cash and cash equivalents	68,428,261	–	–
Loan to a subsidiary	3,500,000	–	–
Trade and other receivables#	79,956,385	–	–
Held-to-maturity investments	–	–	–
	151,884,646	–	–
Financial liabilities not measured at fair value			
Trade and other payables	–	–	–

exclude advance to suppliers and prepayments

amount			Fair value			
Held-to-maturity $	Other financial liabilities $	Total $	Level 1 $	Level 2 $	Level 3 $	Total $
–	–	1,900,036	1,900,036	–	–	1,900,036
–	–	3,052,372	3,052,372	–	–	3,052,372
–	–	4,952,408				
–	–	78,687,051				
–	–	69,979,377				
2,724,800	–	2,724,800	–	2,865,140	–	2,865,140
2,724,800	–	151,391,228				
–	(20,497,783)	(20,497,783)				
–	–	1,678,125	1,678,125	–	–	1,678,125
–	–	4,969,174	4,969,174	–	–	4,969,174
–	–	6,647,299				
–	–	68,428,261				
–	–	3,500,000	–	3,576,818	–	3,576,818
–	–	79,956,385				
2,616,000	–	2,616,000	–	2,728,002	–	2,728,002
2,616,000	–	154,500,646				
–	(22,568,114)	(22,568,114)				

20. FINANCIAL INSTRUMENTS (CONTINUED)

Measurement of fair values

Valuation techniques and significant unobservable inputs

Financial instruments measured at fair value

Equity 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.

Financial instruments not measured at fair value

The following table show the valuation techniques used in measuring level 2 fair values, as well as the significant unobservable inputs used, where applicable.

Type	Valuation technique	Significant unobservable inputs
Group and Company		
Debt securities – held-to-maturity investments	Discounted cash flows.	Not applicable
Loan to a subsidiary	Discounted cash flows.	Not applicable
Secured bank loan due after one year	Discounted cash flows.	Not applicable
Finance lease liabilities	Discounted cash flows.	Not applicable

During the financial years ended 31 December 2014 and 31 December 2013, there were no transfers between Level 1 and Level 2.

21. 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 not 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 01/01/2014	Options exercised	Options cancelled	Options outstanding at 31/12/2014	Number of option holders at 31/12/2014	Exercise period
22/01/2009	$0.16	10,200,000	–	(50,000)	10,150,000	2	22/01/2010 – 21/01/2019
22/01/2009	$0.16	500,000	(500,000)	–	–	–	22/01/2010 – 21/01/2014
		10,700,000	(500,000)	(50,000)	10,150,000		

Inputs for measurement of grant date fair values

The grant date fair value of the options was 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). The inputs used in the measurement of the fair value at grant date of the options were as follows:

21. EQUITY COMPENSATION BENEFITS (CONTINUED)

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

The options outstanding as at 31 December 2014 have an exercise price of $0.16 (2013: $0.22) and a weighted average contractual life of 4 years (2013: 4.8 years).

The weighted average share price at the date of the exercise for share options exercised in 2014 was $0.27 (2013: $0.28).

22. DEFERRED INCOME

	Group	
	2014 $	2013 $
Government grants	1,273,779	1,285,049
Non–current	1,153,119	1,174,811
Current	120,660	110,238
	1,273,779	1,285,049

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.

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Trade payables	70,666,336	73,160,992	6,617,435	7,721,262
Amounts due to:				
– subsidiaries (trade)	–	–	29,903	20,305
– subsidiaries (non–trade)	–	–	9,170,645	9,459,206
Other payables	16,775,580	9,725,777	2,951,765	2,971,332
Accruals	16,389,313	17,073,938	1,728,035	2,396,009
	103,831,229	99,960,707	20,497,783	22,568,114

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

Included in other payables is non-refundable deposit received for the disposal of the Group's interest in Million Cube Limited (see note 16) amounting to $8,515,000 (2013: $Nil).

The Group's and the Company's exposure to currency and liquidity risk related to trade and other payables are disclosed in note 20.

24. REVENUE

	Group	
	2014	2013
	$	$
Sale of goods	418,265,340	403,118,152
Revenue from construction contracts and healthcare consultancy	151,606	197,409
	418,416,946	403,315,561

25. PROFIT FOR THE YEAR

The following items have been included in arriving at profit for the year:

	Note	Group 2014 $	Group 2013 $
Allowance made/(reversed) for doubtful receivables:			
– trade receivables		363,298	(186,450)
– other receivables		933,509	1,155,709
– amounts due from associates		(235,616)	(563,704)
Allowance for inventory obsolescence		2,019,096	90,490
Inventories written off		533,423	513,462
Audit fees paid to:			
– auditors of the Company		375,364	386,100
– other auditors		215,988	173,659
Non–audit fees paid to:			
– auditors of the Company		47,454	46,774
– other auditors		106,255	81,062
Bad debts written off/(recovered)		175,521	(3,962)
Contribution to defined contribution plans included in staff costs		3,352,748	3,289,571
Cost of inventories included in cost of sales		330,200,481	314,478,061
Depreciation of investment properties	6	24,062	26,252
Depreciation of property, plant and equipment	4	8,501,906	8,314,529
Exchange gain (net)		(1,186,438)	(3,092)
(Gain)/loss on disposal of:			
– investment properties		(13,774)	–
– property, plant and equipment		(207,571)	193,326
Operating expenses arising from rental of investment properties		14,194	12,651
Operating lease expense		7,383,217	8,211,192
Impairment allowance reversed on property, plant and equipment	4	–	(145,362)
Property, plant and equipment written off		92,099	103,107
Rental income from investment property		(66,524)	(55,405)
Staff costs		51,274,700	49,919,078

26. FINANCE INCOME AND FINANCE COSTS

	Note	Group 2014 $	Group 2013 $
Recognised in profit or loss			
Interest income:			
– held-to-maturity investments		862,148	1,304,488
– fixed deposits		846,432	777,233
Dividend income on available–for–sale financial assets		1,564	1,504
Change in fair value of financial assets designated at fair value through profit or loss		–	1,305,978
Finance income		1,710,144	3,389,203
Interest expense:			
– bank borrowings		(2,342,420)	(2,209,817)
– finance lease liabilities		(5,432)	(118,313)
Change in fair value of financial assets designated at fair value through profit or loss		(1,916,802)	–
Others		(170,000)	(15,000)
Finance costs		(4,434,654)	(2,343,130)
Net finance (costs)/income recognised in profit or loss		(2,724,510)	1,046,073
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		1,708,580	2,081,721
– Total interest expense on financial liabilities		2,347,852	2,328,130

27. TAX EXPENSE

	Note	Group 2014 $	Group 2013 $
Tax recognised in profit or loss			
Current tax expense			
Current year		4,809,545	5,092,663
Under provided in prior years		19,350	71,457
		4,828,895	5,164,120
Deferred tax expense/(credit)			
Origination and reversal of temporary differences		(755,978)	(1,246,156)
Write-down of deferred tax assets		688,062	–
Under/(over) provided in prior years		14,145	(297,173)
Change in tax rate		146,488	(5,376)
	10	92,717	(1,548,705)
Total tax expense		4,921,612	3,615,415

27. TAX EXPENSE (CONTINUED)

	Note	Group 2014 $	Group 2013 $
Reconciliation of effective tax rate			
Profit for the year		6,268,779	11,647,592
Total tax expense		4,921,612	3,615,415
Profit excluding tax		11,190,391	15,263,007
Tax calculated using Singapore tax rate of 17% (2013: 17%)		1,902,366	2,594,711
Change in tax rate		146,488	(5,376)
Effect of different tax rates in other countries		892,273	932,968
Income not subject to tax		(384,579)	(122,167)
Tax effect on share of results of associates		–	130,690
Expenses not deductible for tax purposes		665,233	780,380
Tax rebates and incentives		(720,669)	(288,300)
Write-down of deferred tax assets		688,062	–
Deferred tax assets not recognised		1,713,975	388,561
Under/(over) provided in prior years		33,495	(225,716)
Recognition of tax effect of previously unrecognised tax losses		(63,821)	(581,902)
Others		48,789	11,566
		4,921,612	3,615,415

A foreign subsidiary was accredited as a "High and New Technology Enterprise" ("HNTE") and was entitled to a preferential income tax rate of 15% for a period of three years from 2011 to 2013. The subsidiary renewed its HNTE qualification in 2014, and will be entitled to the preferential tax rate of 15% for another three years retrospectively from 2014 to 2016 upon approval by the tax authority and subject to the subsidiary's compliance with the conditions imposed by the tax authority.

28. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 31 December 2014 was based on the profit attributable to ordinary shareholders of $2,448,927 (2013: profit of $6,638,375), and a weighted average number of ordinary shares outstanding of 553,388,349 (2013: 554,161,943), calculated as follows:

Weighted average number of ordinary shares (basic)

	Note	Group	
		2014	**2013**
		$	**$**
Issued ordinary shares at 1 January	17	552,915,746	555,828,746
Effect of treasury shares purchased		–	(1,994,666)
Effect of share options exercised		472,603	327,863
Weighted average number of ordinary shares during the year		553,388,349	554,161,943

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2014 was based on profit attributable to ordinary shareholders of $2,448,927 (2013: $6,638,375) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 557,539,230 (2013: 558,931,339), calculated as follows:

Weighted average number of ordinary shares (diluted)

	Group	
	2014	**2013**
	$	**$**
Weighted average number of ordinary shares (basic)	553,388,349	554,161,943
Effect of share options on issue	4,150,881	4,769,396
Weighted average number of ordinary shares (diluted) during the year	557,539,230	558,931,339

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.

29. 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 2014 and 2013.

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.

29. OPERATING SEGMENTS (CONTINUED)

	← Consumer Essentials →		Strategic Investments	Others	Total operations
	Consumer Business	Health Solutions	Packaging		
	$	$	$	$	$
Group					
2014					
External revenues	193,740,869	151,606	224,524,471	–	418,416,946
Results from operating activities	(363,826)	(531,911)	15,341,930	(531,292)	13,914,901
Net finance income					(2,724,510)
Share of losses of associates (net of tax)					–
Profit before tax					11,190,391
Tax expense					(4,921,612)
Profit for the year					6,268,779
Other segment information					
Allowance made/ (reversed) for doubtful receivables:					
– trade receivables	(149,118)	–	512,416	–	363,298
– other receivables	–	145	–	933,364	933,509
– amounts due from associates	–	(235,616)	–	–	(235,616)
Allowance made/ (reversed) for inventory obsolescence	2,051,811	–	(32,715)	–	2,019,096
Inventories written off	533,423	–	–	–	533,423
Bad debts written off	(9,536)	–	185,057	–	175,521
Depreciation of:					
– property, plant and equipment	2,422,587	5,965	6,073,354	–	8,501,906
– investment properties	–	–	–	24,062	24,062
Property, plant and equipment written off	10,374	–	81,725	–	92,099
Capital expenditure on property, plant and equipment	2,020,252	1,017	7,950,588	–	9,971,857

29. OPERATING SEGMENTS (CONTINUED)

	← Consumer Essentials →		Strategic Investments	Others	Total operations
	Consumer Business	Health Solutions	Packaging		
	$	$	$	$	$
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

29. OPERATING SEGMENTS (CONTINUED)

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 $
2014				
External revenue	174,602,551	56,079,266	187,735,129	418,416,946
Non–current assets	22,784,983	3,789,865	51,630,710	78,205,558
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

30. OPERATING LEASES

Leases as lessee

Future minimum lease payments under non–cancellable operating leases are as follows:

	Group		**Company**	
	2014 **$**	**2013** **$**	**2014** **$**	**2013** **$**
Within one year	5,830,324	6,998,713	1,123,353	1,123,353
Between one and five years	13,020,547	14,789,587	4,463,379	4,520,835
More than five years	14,189,362	17,959,258	7,816,575	8,882,472
	33,040,233	39,747,558	13,403,307	14,526,660

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 (2013: $1,065,897).

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	
	2014	2013	2014	2013
	$	$	$	$
Contracted but not provided for	1,290,327	2,043,400	–	209,752

32. RELATED PARTIES

Key management personnel compensation

Compensation paid/payable to key management personnel comprise:

	Group	
	2014	2013
	$	$
Director fees	647,052	705,200
Short–term employee benefits	5,094,574	5,610,669
Post–employment benefits	163,311	168,231
	5,904,937	6,484,100

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	
	2014	2013
	$	$
Associates		
Sales	(151,606)	(197,409)

33. SUBSEQUENT EVENT

On 5 January 2015, the Group's wholly owned subsidiary, PSC (China) Property Co. Limited ("**Vendor**"), and Kang Cheng Holdings Limited ("**Purchaser**"), had mutually agreed to extend the date of completion of the transfer of the equity interest in Million Cube Limited between the Vendor and the Purchaser ("**Transaction**") to 30 June 2015. The Transaction was originally scheduled to be completed on 31 December 2014.

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
#H.S. (M) 4187, PTD 32624 Mukim Bukit Batu, Daerah Kulaijaya, Johor, Malaysia	Factory used by a subsidiary for its operations	Freehold
*Lot MLO 1102, Mukim Bukit Batu, Daerah Kulaijaya, Johor, Malaysia	Vacant land	Freehold
Lot MLO 1103, Mukim Bukit Batu, Daerah Kulaijaya, 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

Formerly held under Lots MLO1101 and MLO4177 respectively. These two lots had been amalgamated in FY2014.

* Formerly held under "Mukim of Sedenak".

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 Wei Liu Dao Bei, 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, 326, 358, 3A30, 3A31 Cinta Ayu Resort Apartments, all situated at 20 KM, Jalan Pontian Lama 81110 Pulai, 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2014年12月31日

	附注	集团 2014 $	集团 2013 $	公司 2014 $	公司 2013 $
资产					
产业及机器设备	4	**76,094,681**	74,425,025	**10,434,910**	11,627,364
无形资产	5	**1,161,846**	1,139,382	**–**	–
物业投资	6	**949,031**	1,096,354	**–**	–
子公司	7	**–**	–	**41,241,423**	42,161,265
子公司的贷款	7	**–**	–	**–**	3,500,000
联号公司	8	**–**	–	**–**	–
其他金融资产	9	**2,732,036**	5,030,125	**1,900,036**	4,294,125
递延税款资产	10	**1,680,966**	1,794,643	**–**	–
非流动资产合计		**82,618,560**	83,485,529	**53,576,369**	61,582,754
存货	11	**42,125,399**	40,458,882	**9,024,526**	6,437,834
应收账款及其它应收款	12	**146,947,706**	147,362,574	**70,011,823**	80,310,940
其它金融资产	9	**5,777,172**	4,969,174	**5,777,172**	4,969,174
现金和现金等同物	15	**119,734,759**	118,860,961	**78,687,051**	68,428,261
持有的待售资产	16	**48,009,337**	47,045,667	**–**	–
流动资产合计		**362,594,373**	358,697,258	**163,500,572**	160,146,209
资产合计		**445,212,933**	442,182,787	**217,076,941**	221,728,963
股东权益					
股本	17	**200,099,208**	200,001,493	**200,099,208**	200,001,493
储备	17	**60,120,163**	56,433,972	**(3,520,050)**	(840,644)
归属于公司业主的股东权益		**260,219,371**	256,435,465	**196,579,158**	199,160,849
少数股东权益	18	**44,166,359**	40,953,385	**–**	–
股东权益合计		**304,385,730**	297,388,850	**196,579,158**	199,160,849
负债					
贷款与借贷	19	**1,217,952**	2,493,734	**–**	–
递延收益	22	**1,153,119**	1,174,811	**–**	–
递延应付税款	10	**2,042,182**	2,071,039	**–**	–
非流动负债合计		**4,413,253**	5,739,584	**–**	–
贷款与借款	19	**31,734,401**	37,172,733	**–**	–
应付账款和其他应付款	23	**103,831,229**	99,960,707	**20,497,783**	22,568,114
递延收益	22	**120,660**	110,238	**–**	–
本期应付税款		**727,660**	1,810,675	**–**	–
流动负债合计		**136,413,950**	139,054,353	**20,497,783**	22,568,114
负债合计		**140,827,203**	144,793,937	**20,497,783**	22,568,114
负债及股东权益合计		**445,212,933**	442,182,787	**217,076,941**	221,728,963

附注内容是财务报表的组成部分之一。

综合损益表

截至2014年12月31日止年度

	附注	2014 $	2013 $
收入	24	**418,416,946**	403,315,561
售出产品成本		**(333,130,205)**	(317,330,741)
毛利		**85,286,741**	85,984,820
其它收入		**3,847,377**	2,128,496
分销费用		**(43,731,589)**	(42,754,746)
行政费用		**(30,153,694)**	(29,664,310)
其他费用		**(1,333,934)**	(708,561)
营业活动之盈利		**13,914,901**	14,985,699
金融收入		**1,710,144**	3,389,203
金融费用		**(4,434,654)**	(2,343,130)
净金融(费用)/收入	26	**(2,724,510)**	1,046,073
联号公司损失分派(税后)		**–**	(768,765)
税前盈利		**11,190,391**	15,263,007
所得税	27	**(4,921,612)**	(3,615,415)
本期盈利	25	**6,268,779**	11,647,592
盈利可归属：			
公司业主		**2,448,927**	6,638,375
少数股东权益		**3,819,852**	5,009,217
本期盈利		**6,268,779**	11,647,592
每股盈利			
每股盈利基额(分)	28	**0.44**	1.20
每股盈利摊薄(分)	28	**0.44**	1.19

附注内容是财务报表的组成部分之一。

SHAREHOLDING STATISTICS

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 12 March 2015

SUBSTANTIAL SHAREHOLDERS	NUMBER OF SHARES HELD		SHAREHOLDING PERCENTAGE
	DIRECT INTEREST	DEEMED INTEREST	%
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 2015

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	97,947,500
Tang Cheuk Chee	49,449,500	49,498,000
Lien Kait Long	5,530	–

ANALYSIS OF SHAREHOLDERS
as at 12 March 2015

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	247	2.93	9,005	0.00
100 – 1,000	2,527	29.98	1,473,051	0.27
1,001 – 10,000	3,737	44.34	17,373,383	3.14
10,001 – 1,000,000	1,896	22.50	90,311,983	16.32
1,000,001 and above	21	0.25	444,248,324	80.27
	8,428	100.00	553,415,746	100.00

SHAREHOLDING STATISTICS

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 12 March 2015, 42.69% 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 12 March 2015

NO.	NAME	NO. OF SHARES HELD	%
1	CIMB Securities (Singapore) Pte Ltd	142,946,508	25.83
2	DBS Vickers Securities (S) Pte Ltd	99,496,966	17.98
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	10,921,826	1.97
6	DBS Nominees Pte Ltd	10,260,543	1.85
7	Citibank Nominees Singapore Pte Ltd	9,105,249	1.64
8	UOB Kay Hian Pte Ltd	8,787,575	1.59
9	OCBC Nominees Singapore Private Limited	4,595,314	0.83
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	Ang Kong Meng	2,495,300	0.45
14	Leow Kim Siang or Ng May Choo	2,465,000	0.45
15	Tan Wai See	2,279,000	0.41
16	OCBC Securities Private Ltd	1,574,170	0.28
17	Lim & Tan Securities Pte Ltd	1,531,940	0.28
18	Sim Teng Yam	1,470,000	0.27
19	Eyu Chin Wat @ Yeo An Hai or Yeo Tan Tan (Yang DanDan)	1,256,000	0.23
20	Phillip Securities Pte Ltd	1,105,129	0.20
		443,219,124	**80.09**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-First Annual General Meeting of Hanwell Holdings Limited (the "**Company**") will be held at 348 Jalan Boon Lay, Singapore 619529 on Friday, 24 April 2015 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 2014 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 Tang Cheuk Chee **(Resolution 2)**
   (ii) Mr Lien Kait Long **(Resolution 3)**
   (iii) Mr Goi Kok Ming (Wei Guoming) **(Resolution 4)**

   [See Explanatory Note (i)]

3. To approve the payment of Directors' fees of S$414,000 for the financial year ended 31 December 2014. (2013: S$438,000)
(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

(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 (ii)] **(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 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 2015 (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 2015

Explanatory Notes:

(i) Dr Tang Cheuk Chee will, upon re-election as Director of the Company, remain as the Executive Director and a member of the Risk Management Committee.

Mr Lien Kait Long will, upon re-election as Director of the Company, remain as Chairman of the Nomination Committee and Risk Management 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 Goi Kok Ming (Wei Guoming) will, upon re-election as Director of the Company, remain as the Non-Executive Director and will be considered non-independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

(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 2014 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.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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HANWELL HOLDINGS LIMITED

Company Registration No. 197400888M
(Incorporated in the Republic of Singapore)

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.

PROXY FORM

(Please see notes overleaf before completing this Form)

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 Forty-First Annual General Meeting (the "**Meeting**") of the Company to be held at 348 Jalan Boon Lay, Singapore 619529 on Friday, 24 April 2015 at 10.00 a.m and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions 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 2014		
2.	Re-election of Dr Tang Cheuk Chee as Director in accordance with Article 87		
3.	Re-election of Mr Lien Kait Long as Director in accordance with Article 87		
4.	Re-election of Mr Goi Kok Ming (Wei Guoming) as Director in accordance with Article 87		
5.	Approval of Directors' fees amounting to S$414,000 for the financial year ended 31 December 2014		
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 ______________ 2015

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

____

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

*Delete where inapplicable

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.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 9 April 2015.

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HANWELL HOLDINGS 恒威

Company Registration No: 197400888M
Incorporated in the Republic of Singapore

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