GROWTH IN MOTION

ANNUAL REPORT 2014

FAR EAST ORCHARD LIMITED

A MEMBER OF FAR EAST ORGANIZATION

Contents

Like
water ripples
that expand outwards,
Far East Orchard started from
a solid foundation to forge ahead.
Since our transformation in 2012,
we continue to expand beyond and
advance strategically. Riding on this
same momentum, we are set to
generate ripples that grow into
waves – bigger, stronger and
more distinctive.

Corporate Profile

JUL 2012
Renamed as Far East Orchard Limited from Orchard Parade Holdings Limited

AUG 2012
Commenced new businesses in hospitality management and healthcare real estate

Novena Specialist Center, Singapore

AMOY, Singapore

Adina Apartment Hotel Bondi Beach, Sydney, Australia

Rendezvous Hotel Perth Scarborough, Australia

NOV 2013
Entered into hospitality joint venture with The Straits Trading Company Limited[2]

AUG 2013
Entered into hospitality joint venture with Toga Group[1]

Far East Orchard Limited (Far East Orchard) is a member of Far East Organization, Singapore's largest private property developer. Incorporated as Ming Court Limited in 1967, the Company came under Far East Organization in 1987 and was renamed Orchard Parade Holdings Limited in 1991. In July 2012, as part of a corporate restructuring, the Company adopted its new name of Far East Orchard Limited to better reflect its close alignment with its substantial shareholder and to leverage the "Far East" brand. Far East Orchard is listed on the Mainboard of the Singapore Exchange since 1968.

An established developer, Far East Orchard delivered a number of successful residential, commercial and hospitality developments. It is currently developing euHabitat, a first-of-its-kind integrated residential development located in the eastern part of Singapore. Another residential development, RiverTrees Residences in Fernvale Close in Singapore, is a joint venture with Frasers Centrepoint Limited and Sekisui House, Ltd (Sekisui). For commercial development projects in Singapore, SBF Center is a joint development project with Far East Organization (FEO) and Woods Square, with FEO and Sekisui. Far East Orchard has also successfully developed quality residences such as The Floridian, The Nexus, Glendale Park, Regent Grove, Seasons View, Kew Green, Kew Residencia and The Manor Houses.

The Company has also expanded beyond Singapore into the region with its first joint venture property development project, Harbourfront Balmain, in Sydney, Australia, with Australia's Toga Group. It is also redeveloping its commercial building in Kuala Lumpur, Malaysia into a hospitality property.

Redefining itself through a strategic transformation of the business in 2012, Far East Orchard has expanded into new complementary business

Notes:
1 Through its wholly owned subsidiary, Toga Hospitality Investments Pty Limited.
2 Through its wholly owned subsidiary, Sword Private Limited.
3 Both acquisitions were completed through TFE Hotels.
4 Acquired 50% interests in a portfolio of property companies which own the four hotel properties. Remaining 50% interest is owned by Toga Group.

JUN 2014
Acquired a commercial office property for conversion into a hotel in Sydney CBD, Australia[3]

JUL 2014
Acquired a heritage-listed building for conversion into a hotel in Brisbane CBD, Australia[3]


Adina Apartment Hotel Berlin Checkpoint Charlie, Germany


Adina Apartment Hotel, Norwest, Sydney, Australia

AUG 2014
Acquired 50% interest in four hotel properties in Denmark and Germany[4]


Harbourfront Balmain, Sydney, Australia

OCT 2014
Subscribed for 50% interest in a joint venture property development project in Sydney, Australia

lines in hospitality management and healthcare real estate segments.

Through its joint ventures with The Straits Trading Company and Toga Group completed in 2013, the Company's hospitality arm - Far East Hospitality - extended its reach beyond Singapore and Malaysia, into Australia, China, Denmark, Germany, Hungary and New Zealand. In 2014, it acquired four new hotels in Europe under the Adina brand and two office buildings in Australia for hotel conversion. The Company's hospitality portfolio now covers more than 80 properties with over 13,000 rooms. In Singapore, it operates the city-state's largest hospitality portfolio comprising 18 hotels and serviced residences. The Company's stable of nine unique and complementary hospitality brands are Adina Apartment Hotels, Medina Service Apartments, Marque, Oasia, Quincy, Rendezvous Hotels, Travelodge Hotels, Vibe Hotels and Village Hotels and Residences.

Far East Orchard also owns a portfolio of medical suites in Singapore's premier medical hub of Novena. These purpose-built medical suites in Novena Medical Center and Novena Specialist Center are conceptualised to set the benchmark for a new generation of healthcare buildings with five star quality finishes, advanced technology and modern infrastructure for medical specialists. The Company is also co-developing the SBF Center with Far East Organization, which will be a 31-storey commercial building located in the Central Business District that offers a broad spectrum of office and medical spaces set in park-like greenery. Far East Orchard intends to be the premier private owner, operator and landlord of healthcare space in Singapore.

Today, Far East Orchard has a diversified portfolio focusing on property development, hospitality real estate development and management and healthcare real estate.

Letter to Shareholders

Dear Shareholders,

2014 was a ground-breaking year for Far East Orchard. We successfully consolidated our business and secured new avenues for growth. We also followed through our international aspirations and started initiatives in Australia and Europe.

These expansions were supported by healthy revenue growth from our various business divisions, against a backdrop of property cooling measures in Singapore, continued uncertainty in the global economy and increased competition from our peers.

The Management team was steadfast in delivering strong financial results and had the opportunity to capitalise on the strategic benefits of our partnership with the Toga Group.

It is our privilege to inform you, our shareholders, that in addition to its four residential and commercial projects under development in Singapore, as well as a hospitality property undergoing redevelopment in Malaysia, Far East Orchard had also successfully commenced our first residential development project in Sydney, Australia. Our hospitality management arm, Far East Hospitality, today has a global foot print with ownership of 14 hospitality assets and managing more than 13,000 rooms across eight countries.

Creating Iconic Places

We marked our first foray into the Australian residential market – a mixed-use residential and commercial harbourfront development in Balmain, a western suburb of Sydney known for its colourful and artistic surroundings and is home to some of Australia's best-known writers, actors, film directors and musicians.

Initiated in October 2014, the project known as Harbourfront Balmain, represented many firsts: the first of such property development for Far East Orchard outside of Singapore and Malaysia and another first with our joint venture partner, Toga Group (Toga), on the residential development front. Harbourfront Balmain marks a turning point for our property development business as we seek to grow this division regionally.

The Company is positive about the long-term prospects of our core market, Singapore. Despite the uncertainties in the global economy and the impact of local cooling measures, our private residential project RiverTrees Residences at Fernvale Close, Sengkang was well-received by the public, with over 60% of its 496 units sold since its launch in February 2014. This development is a proud partnership with Frasers Centrepoint Limited (FCL) and Sekisui House, Ltd (Sekisui).

Beyond the private housing market, we won a landmark tender in April 2014, jointly with Far East Organization and Sekisui, for a commercial project to build two 16-storey office towers with strata office units for sale and lease at Woodlands Square. The project, well located within Woodlands, will also have retail space for lease. Being the first site predominantly for office use in Woodlands[1], this project is expected to serve as the catalyst to kick-start the development of the Woodlands Regional Centre since the decentralised regional centres were first conceptualised in 1991.

Our hospitality division marked a year of steady expansion. With a good business foundation and brand reputation that we have garnered from our partnership with Toga, we now have several robust growth platforms that will enhance our transformation into a respected, leading regional brand with strong recognition for its umbrella of quality hotels, serviced residences and apartment hotels.

We made an entry into Europe in August with our first asset acquisition of four quality hotel properties in Germany and Denmark with Toga – Adina Apartment Hotel Berlin Checkpoint Charlie, Adina Apartment Hotel Frankfurt Neue Oper, Adina Apartment Hotel Berlin Hauptbahnhof and Adina Apartment Hotel Copenhagen. The transaction marked our foray into Europe that is set to remain as the world's largest tourism region. In 2014, Europe reached a new peak of 2.7 billion tourism nights, up by 1.7% compared with 2013.[2] There has been a steady increase in the number of nights spent in tourist accommodation establishments in Europe over the last five years following the decline observed in 2009 arising from the financial crisis.

Notes:

1 Far East-Sekisui JV tops bids for Woodlands office site, Business Times, April 9, 2014.
2 New record level of 2.7bn tourism nights in the EU28 in 2014, Eurostat, January 29, 2015.
3 What to expect for Singapore private property prices in 2015, Straits Times, Jan 2, 2015.

"Looking beyond Singapore, we will also work with our partners to explore synergies to bring our expertise to suitable overseas opportunities and establish ourselves as a quality partner in the region."

Adina Apartment Hotel Berlin Hackescher Markt, Germany


Novena Medical Center, Singapore

Our newly acquired hotels are currently operating under an umbrella brand of 'Adina Apartment Hotels' by Toga Far East Hotels (TFE Hotels), the joint venture between Far East Hospitality Holdings (our subsidiary) and Toga since 2013. Adina Apartment Hotels is TFE Hotels' global apartment hotel brand, offering apartment space with hotel service.

The purchase of the European hotels came hot on the heels of the joint venture TFE Hotels' acquisitions of two office buildings in Australia for hotel conversion in 2014 – (i) a 13-level office property (280 George Street) in the Sydney central business district in June 2014; and (ii) a heritage-listed building in Brisbane's CBD (171 George Street) in July 2014. TFE Hotels continues to actively pursue growth opportunities across Australia through both the hospitality management and ownership businesses.

Maintaining Financial Strength

Far East Orchard achieved a net profit attributable to equity shareholders of S$35.5 million for the financial year ended 31 December 2014 (FY2014).

We recorded a robust financial performance for FY2014, generating a profit before tax of S$48.8 million, which more than doubled our FY2013 profit before tax of S$21.0 million. This strong performance was mainly led by the same growth seen in our total revenue, which was S$315.5 million in FY2014, compared to S$158.6 million in FY2013.

The key drivers of our FY2014 revenue growth were from the hospitality division, higher recognition of revenue from the euHabitat project, as well as more medical suites sold in FY2014. In particular, revenue in our hospitality division increased by S$115.9 million to S$212.0 million for FY2014, mainly due to the first full year financial contribution from the hospitality transactions with The Straits Trading Company Limited (STC) on 1 November 2013.

At Far East Orchard, we continue to maintain financial prudence in managing our business. This may include the divestment of properties, as and when appropriate, to recycle capital for re-deployment towards higher yielding growth opportunities. Our debt-equity ratio is still at a healthy level of 0.09, while our level of borrowings had increased slightly by S$16.3 million to S$105.7 million this year, mainly due to additional funding for the Group's investments in the hospitality division. The net assets backing per share in FY2014 was S$2.95 similar to the previous year.

We are pleased to announce that the Board of Directors have recommended a first and final dividend of six cents per share in view of our FY2014 financial results.

Our Portfolio of Properties

It was a quiet 2014 for the Singapore real estate market, following the implementation of policy restrictions such as stricter lending criteria and higher taxes to prevent a property bubble. The Urban Redevelopment Authority's property price index had indicated a 4% decline in property prices in 2014, which reflected the moderated private residential property transaction levels and price corrections seen.[3]

Notwithstanding, our property development division stayed resilient and saw a 75% growth in sales revenue this year, from S$54.1 million in FY2013 to S$94.4 million in FY2014.

euHabitat, an integrated residential development comprising suites, SOHO apartments, condominiums and townhouses, recorded S$75.5 million in revenue and S$22.2 million in operating profit.

RiverTrees Residences, our private residential development with FCL and Sekisui, sold 200 out of 300 units launched during its first weekend of sale, demonstrating that there is still demand for high-quality homes at the right prices. We expect the development to continue attracting buyers and benefit from the growing interest in Sengkang, following the opening in November of the nearby new lifestyle location, Seletar Mall, last year.

For SBF Center, our mixed-use commercial development in the centre of Singapore's financial district, about 80% of the 249 units has been sold. We expect our 20% share of SBF Center's contribution to be recognised only on completion in 2017.

The contribution from our new development projects of Woods Square in Singapore and Harbourfront Balmain in Sydney, Australia, will be recognised upon completion of the project.

Our property investment division reported revenue of S$9.2 million and operating profit of S$6.1 million, which mainly includes rental income from our medical suites in Novena Specialist Center and Novena Medical Centre. As the Novena precinct in Singapore continues to grow as the leading medical hub for Singapore, we believe our portfolio of medical suites in this area puts us in a good position to benefit from the growth of Singapore's healthcare industry.

Growing Beyond Singapore

We are upbeat about our overseas portfolio particularly in the Australian residential and hospitality markets as these are back in favour among foreign buyers and investors due to better returns on investments.[4]

Our latest property development project, Harbourfront Balmain with Toga in Sydney, allows us to leverage on our expertise and financial strength together with our partner's local expertise and take a step towards expanding our development capabilities in Australia and the region. Together with Toga, we will progressively seek and identify suitable sites for property development and maintain prudence in our evaluations.

Equally notable is our investment in the Australian hospitality market, where we had leveraged on the expertise of TFE Hotels in Australia and Far East Hospitality in Asia and successfully integrated a major piece of our Australian hospitality investment in the Rendezvous hotel portfolio, which we acquired from STC in 2013.

With the completion of the integration of the Rendezvous hotel portfolio in 2014, we had started drawing synergies across all platforms. We expect to register a favourable occupancy rate in 2015 as Australia continues to be one of the top travel destinations for tourists. For the year ended September 2014, there were 6.8 million visitor arrivals, an increase of 8.2% compared to the previous year.[5]

On our venture in European hospitality assets, we are pleased to note that we are seeing positive contributions from the four Adina hotels in Europe acquired in August 2014. As one of the largest hospitality management groups in Singapore and Australia, Far East Hospitality, together with TFE Hotels, expect to bring our industry expertise to expand the hotel ownership and hospitality management in Europe.

Closer to home, in Singapore, Far East Hospitality had kept up with its momentum from 2013, where they had secured and commenced a new hospitality management contract on Rendezvous Hotel Singapore and the launch of two new hotels – Village Hotel Katong and Amoy. Rendezvous Hotel Singapore completed its refurbishment in 2014 and repositioned itself to showcase more artistic and cultural elements associated with its local surrounding, which has received positive feedback from guests and customers at the hotel and its retail podium. Village Hotel Katong opened its doors in early November 2013 with a mission to deliver a taste of Singapore culture, a reflection of the flagship property of the Village brand. The Amoy boutique heritage hotel, whose entrance is a temple-turned-museum located in the heart of Singapore's CBD, offers an attractive proposition to foreign travellers and corporate guests who prefer a heritage stay.

With these strategic partnerships, our Hospitality arm now owns 14 hospitality properties and operates a combined

Revenue
S$315.5 million
99%
Increase from FY2013

portfolio of more than 13,000 rooms under its management. Our footprint extends across 80 hotels and services residences in eight countries – Australia, China, Denmark, Germany, Hungary, Malaysia, New Zealand and Singapore, with more in the development pipeline. We look forward to aligning these properties across the different operating platforms to achieve their expected synergies, which will ultimately boost returns to our shareholders and our brand profile.

As Far East Orchard embarks on further growth plans, we will seek to secure diversified funding sources from both financial institutions and capital markets, which include the recent establishment of our S$1 billion multicurrency medium term note programme.

The Year Ahead

In Singapore, we expect that various headwinds will keep a lid on home-buying demand, hence prices of private residential property properties are expected to remain on a path of moderation in 2015. These include the continued enforcement of cooling measures amid the tightened credit environment, a mounting supply of new homes, a weak leasing market and the impending rise in interest rates.[6]

We will continue to participate selectively in government land tenders that fit our investment strategy for our property development business. Looking beyond Singapore, we will continue to work

Notes:
4 Asia Pacific Emerging Trends in Real Estate 2014, PricewaterhouseCoopers.
5 Australia Tourist Arrival September 2014, http://www.tourism.australia.com/statistics/arrivals.aspx
6 What to expect for Singapore private property prices in 2015, Straits Times, Jan 2, 2015
7 Asia Pacific Property Digest 4Q 2014, JLL, February 10, 2015.

with our partners to explore synergies to bring our expertise to suitable overseas opportunities and establish ourselves as a quality partner in the region.

In Singapore, with more than 1,700 new rooms in 2014 and over 3,800 new rooms expected in 2015[7], we envisage the operating environment for the hospitality division to remain challenging in the near term.

The longer term outlook for the tourism sector however remains positive as Singapore continues to strengthen its position as the regional hub for business and as a leisure destination. The enhancement of the tourism landscape and infrastructure, such as the opening of the Singapore Sports Hub and various new attractions is also expected to further improve Singapore's attractiveness for both business and leisure travellers.

Looking ahead, while our operating environment remains challenging, we remain committed to strengthening our foundation by consolidating our existing asset portfolio for long term growth. We will also continue to identify appropriate avenues of growth overseas to further develop our position as a leading industry player in the wider region.

We will continue to invest in our people, products and services and brand to ensure we can continue to deliver even better results for all stakeholders – our shareholders, business associates, employees, customers and the wider community.

Lastly, we would like to thank our shareholders, business partners, the management team, our employees and our fellow directors for their commitment and support. We look forward to your continued support as we continue our journey in further enhancing our core business and delivering strong and sustainable returns for the long term.

We want to express our gratitude to our shareholders for your steadfast support in our journey of transformation and growth.

Moving forward, we are confident in our ability to identify and grasp opportunities while navigating the challenges, and we remain committed to our promise to deliver returns to you, our shareholders.

Thank you.

Koh Boon Hwee
Chairman

Lui Chong Chee
Group Chief Executive Officer
and Managing Director

In Appreciation by Chairman

"Our Board would like to express our gratitude to Lucas Chow, who was our Group Chief Executive Officer and Managing Director from March 2012 to September 2014. His courageous spirit and charisma as one of our leaders during our transformational period was highly commendable. We wish him all the very best in his future endeavours.

To lead the Group to the next level, we welcome Lui Chong Chee who officially came onboard on September 1, 2014. He brings along extensive experience in managing some of Singapore's blue chip companies, notably Raffles Medical Group, Capitaland Financial and Capitaland Residential.

With the retirement of Tan Siok Hwee from the Board, the Board and Management team would like to express our thanks for her many years of contribution and guidance. At the same time, the Board would also like to express our appreciation to Arthur Kiong for his unwavering commitment as he retires from the Board, but will continue to lead our hospitality division forward."

Village Hotel Katong, Singapore

Harbourfront Balmain, Sydney, Australia

Advancing Growth

Actively, we expand our portfolio, looking beyond the region to enlarge our geographical presence.

Village Hotel Changi, Singapore

Adina Apartment Hotel Melbourne Flinders Street, Australia

Total number of properties owned and managed:

94

Corporate Information

BOARD OF DIRECTORS

Non-Executive Chairman
Mr Koh Boon Hwee

Group Chief Executive Officer and Managing Director
Mr Lui Chong Chee

Executive Director
Mr Kiong Kim Hock Arthur

Non-Executive Directors
Mdm Ng Siok Keow
Mdm Tan Siok Hwee

Independent Directors
Mr Heng Chiang Meng
(Lead Independent Director)
Mr Cheng Hong Kok
Ms Chua Kheng Yeng, Jennie
Mdm Ee Choo Lin Diana

COMPANY SECRETARIES

Ms Chwee Chong Foon
Ms Madelyn Kwang Yeit Lam

AUDIT & RISK COMMITTEE

Chairman
Mr Cheng Hong Kok

Members
Mr Heng Chiang Meng
Ms Chua Kheng Yeng, Jennie
Mdm Ee Choo Lin Diana

NOMINATING COMMITTEE

Chairman
Mr Heng Chiang Meng

Members
Mr Koh Boon Hwee
Ms Chua Kheng Yeng, Jennie

REMUNERATION COMMITTEE

Chairman
Mr Heng Chiang Meng

Members
Mr Cheng Hong Kok
Mdm Ee Choo Lin Diana

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F (65) 6536 1360

INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP,
8 Cross Street, #17-00 PWC Building
Singapore 048424

Partner-in-charge
Mr Tan Boon Chok
(Appointed since the financial year ended 31 December 2012)

MAIN BANKERS

Oversea-Chinese Banking Corporation Limited
DBS Bank Ltd

Travelodge Docklands Melbourne, Australia

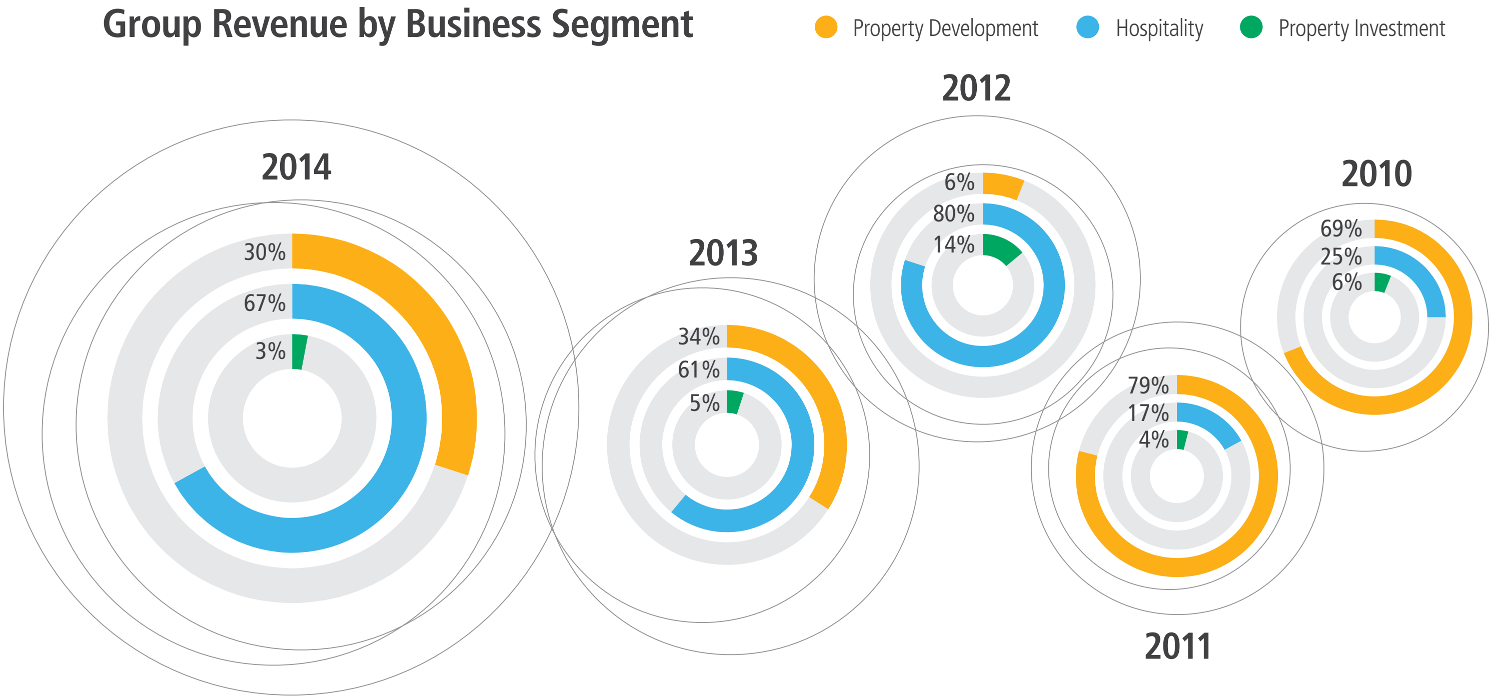
Vibe Savoy Hotel Melbourne, Australia

AMOY, Singapore

5-Year Financial Highlights

	2014 $'000	2013 $'000	2012 $'000	2011 $'000	2010 $'000
Hospitality	212,001	96,072	55,044	51,066	48,823
Property Development	94,380	54,146	74,866	229,834	135,822
Property Investment	9,156	8,351	10,399	11,373	11,118
Other	-	-	-	-	460
Revenue	**315,537**	**158,569**	**140,309**	**292,273**	**196,223**
Profit before income tax	48,758	21,049	194,944	147,804	95,633
Profit attributable to shareholders	35,498	29,385	190,755	124,791	82,531
Shareholders' equity	1,169,416	1,142,758	1,100,050	1,085,139	964,128
Total assets	1,874,698	1,930,839	1,685,295	1,655,333	1,446,563
Net assets per share ($)	2.95	2.96	2.92	2.99	2.73
Basic earnings per share (cents)[4]	9.0	7.6	51.5	34.8	23.5
Final dividend per share (cents)	6.0	6.0	6.0	3.0	2.0
Special dividend per share (cents)	-	-	12.0	6.0	4.0
Dividend in specie per share (cents)	-	-	87.0	-	-
Gearing ratio	0.09	0.08	0.06	0.42	0.42

Group Revenue by Business Segment



Notes:

1 The Group early adopted some new and amended FRS. These standards were applied retrospectively and therefore the 2012 consolidated statement of comprehensive income and the 2011 and 2012 balance sheets had been restated as disclosed in the financial statements. Consequently, the affected ratios have been restated accordingly.

2 Basic earnings per share are calculated by reference to the weighted average number of shares in issue during the year.

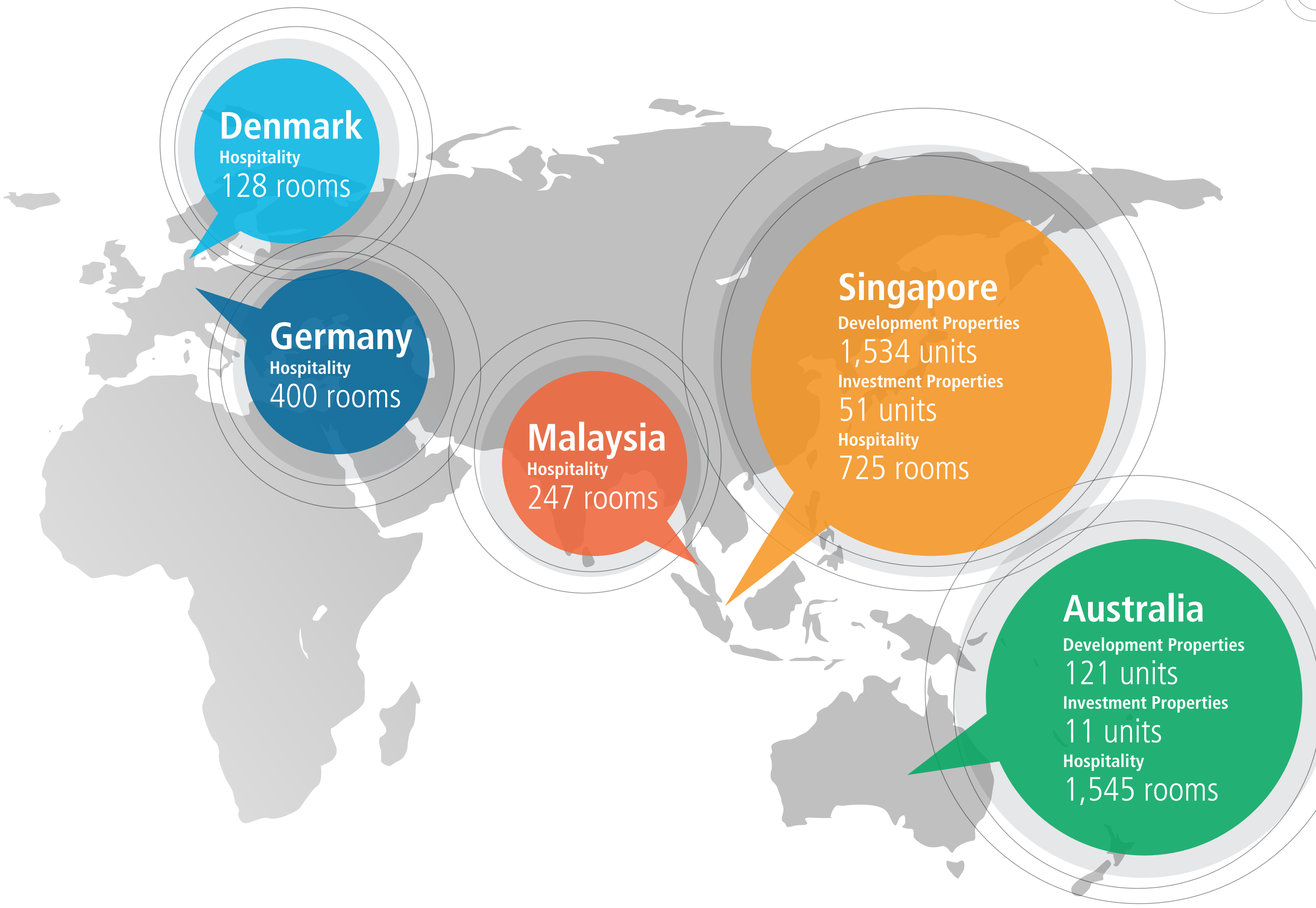
3 Dividend in specie of 0.22086 Yeo Hiap Seng Limited (YHS) share per share is calculated using the market price of YHS shares on the date of payment.

4 Figures have been rounded.

Properties of the Group

As at 31 December 2014

	Location	Effective interest	Tenure	Site area (sm)	No. of units/rooms
DEVELOPMENT PROPERTIES					
Residential projects under development[1]					
Singapore					
RiverTrees Residences	Singapore	30%	Leasehold	14,930	496 units
euHabitat	Singapore	20%	Leasehold	41,261	750 units
Australia					
Harbourfront Balmain	Sydney	50%	Freehold	12,375	121 units
Commercial projects under development					
Singapore					
Woods Square	Singapore	33%	Leasehold	18,569	na[2]
SBF Center	Singapore	20%	Leasehold	2,932	249 units
Completed properties					
Singapore					
Medical suites at Novena Medical Center	Singapore	100%	Leasehold	-	7 units
Medical suites at Novena Specialist Center	Singapore	100%	Leasehold	-	32 units
INVESTMENT PROPERTIES					
Australia					
Retail podium at Rendezvous Hotel Perth Scarborough	Perth	70%	Freehold	-	11 units
Singapore					
Offices at Tanglin Shopping Centre	Singapore	100%	Freehold	-	4 units
Medical suites at Novena Medical Center	Singapore	100%	Leasehold	-	37 units
Medical suites at Novena Specialist Center	Singapore	100%	Leasehold	-	10 units
HOSPITALITY					
Owned properties					
Australia					
Rendezvous Hotel Perth Scarborough	Perth	70%	Freehold	11,467	336 rooms
Rendezvous Hotel Perth Central	Perth	70%	Freehold	1,973	103 rooms
Rendezvous Hotel Melbourne	Melbourne	70%	Freehold	1,999	340 rooms
Adina Apartment Hotel Sydney Harbourside	Sydney	30%	Leasehold	3,058	113 rooms
Adina Apartment Hotel Adelaide Treasury	Adelaide	30%	Leasehold	4,154	79 rooms
Adina Apartment Hotel Brisbane[6]	Brisbane	30%	Freehold	2,693	159 rooms
Vibe Hotel Sydney	Sydney	30%	Freehold	1,164	191 rooms
Travelodge Mirambeena Resort Darwin	Darwin	30%	Freehold	13,100	224 rooms
Restaurant at Rendezvous Hotel Brisbane Anzac Square[7]	Brisbane	70%	Freehold	-	1 unit
Manager unit at Rendezvous Hotel Brisbane Anzac Square[7]	Brisbane	70%	Freehold	-	1 unit
Manager units at Rendezvous Reef Resort Port Douglas	Port Douglas	70%	Freehold	-	2 units
Denmark					
Adina Apartment Hotel Copenhagen	Copenhagen	35%	Freehold	3,000	128 rooms
Germany					
Adina Apartment Hotel Berlin Checkpoint Charlie	Berlin	35%	Freehold	2,143	127 rooms
Adina Apartment Hotel Berlin Hauptbahnhof	Berlin	35%	Freehold	1,798	139 rooms
Adina Apartment Hotel Frankfurt Neue Oper	Frankfurt	35%	Freehold	1,455	134 rooms



	Location	Effective interest	Tenure	Site area (sm)	No. of units/rooms
HOSPITALITY					
Leased and managed					
Singapore					
Orchard Parade Hotel	Singapore	100%	Freehold/ Leasehold	8,143	388 rooms[3]
Village Hotel Albert Court	Singapore	100%	Leasehold	4,273	210 rooms
Village Residence Clarke Quay	Singapore	100%	Leasehold	6,238	127 rooms
Properties under redevelopment					
Australia					
280 George Street	Sydney	30%	Freehold	583	na[5]
171 George Street	Brisbane	30%	Freehold	1,485	na[5]
Malaysia					
Oasia Suites Kuala Lumpur	Kuala Lumpur	100%	Freehold	1,880	247 rooms[4]

Acquired during the year ended 31 December 2014

Notes:

1 Per our announcement on 29 January 2015, our interest in 7 and 11 Bassein Road has been disposed to Transurban Properties Pte Ltd. Refer to Note 14(c) to the financial statements.
2 Development planning in progress.
3 Includes 1,069 sm of leasehold area.
4 Redevelopment in progress from office building into 247-room hotel.
5 Awaiting redevelopment from office building into apartment hotel.
6 In February 2015, a sale and purchase agreement was entered into for the sale of this property. Completion of the sale will be subject to satisfaction of conditions precedent.
7 To be rebranded under Adina Apartment Hotel from 1 April 2015.

Strengthening Synergy

Strategically, we focus on our strengths, consolidating our operations, optimising resources and developing value-added partnerships.

Adina Apartment Hotel Copenhagen, Denmark

Total gross sales from joint ventures:

S$2.6

billion

RiverTrees Residences, Singapore

Oasia Hotel, Singapore

Adina Apartment Hotel Bondi Beach, Sydney, Australia

Rendezvous Hotel Sydney The Rocks, Australia

Board of Directors & Management

Mr Koh Boon Hwee, 64

Non-Executive Chairman

- Chairman, Board of Directors
- Member, Nominating Committee

Mr Koh Boon Hwee was appointed as a Non-Executive Director and Chairman of the Board on 1 January 2013. He was last re-elected as a Director of the Company on 30 April 2013. As Mr Koh serves on various executive committees in Far East Organization, the Nominating Committee of the Company considers Mr Koh to be non-independent.

He started his career in 1977 at Hewlett Packard and rose to become its Managing Director in Singapore, a post he held from 1985 to 1990. From 1991 to 2000, he was Executive Chairman of the Wuthelam Group, and from 2002 to 2009, Mr Koh was at S i2i Limited (formerly known as MediaRing Ltd) where his last held position was Executive Director. He was responsible for overseeing the corporate strategy and management of these companies. Mr Koh has concurrently been with Sunningdale Tech Ltd (formerly known as Tech Group Asia Ltd) since 2003, where he oversaw the operations of the company as Executive Chairman and Chief Executive Officer from 2005 to 2008, as Non-Executive Chairman from 2008 to 2014, and now as Executive Chairman from 2015.

Mr Koh was also the Non-Executive Chairman of the Singapore Telecom Group (SingTel) and its predecessor organisations from 1986 to 2001. From 2001 to 2005, Mr Koh served as Non-Executive Chairman of Singapore Airlines Limited, and from 2005 to 2010 as Non-Executive Chairman of DBS Group Holdings Ltd and DBS Bank Ltd.

From 1996 to 2010, Mr Koh served on the Board of Temasek Holdings Pte Ltd, and was a member of the Executive Committee from 1997 to 2010.

Mr Koh graduated from Imperial College with a Bachelor of Science (Mechanical Engineering), First Class Honours, in 1972, and obtained a Master in Business Administration with Distinction from Harvard Business School in 1976.

Present Directorships in other listed companies:

Singapore

- Sunningdale Tech Ltd (Chairman)
- Yeo Hiap Seng Limited (Chairman)

Overseas

- AAC Technologies Holdings Inc (Chairman) (Cayman Islands, listed on the Hong Kong Stock Exchange)
- Agilent Technologies, Inc (USA, listed on the New York Stock Exchange)

Other principal commitments:

Singapore

- CM Houlder (SEA) Pte Ltd (Chairman)
- Credence Partners Pte Ltd (Chairman)
- FEO Hospitality Asset Management Pte. Ltd. (Chairman)
- FEO Hospitality Trust Management Pte. Ltd. (Chairman)
- Nanyang Technological University, Board of Trustees (Chairman)
- Rippledot Capital Advisers Pte Ltd (Chairman)
- GlobalORE Pte Ltd (Chairman)
- EDB International Advisory Council (Deputy Chairman)
- Academy of Engineering Singapore (Fellow)
- Harvard Singapore Foundation (Director)
- Rippledot Capital Management Pte Ltd (Director)
- The Research, Innovation and Enterprise Council (Member)
- The William and Flora Hewlett Foundation (Director)
- Fontaine Investment Pte Ltd (Director)
- Bank Pictet & Cie (Asia) Ltd (Director)

Overseas

- Credence Capital Fund II (Cayman) Ltd (Executive Director)
- First Spring Ltd (Director)
- Razer Inc (Director)

Past Directorships in other listed companies (2012-2014):

Nil

Mr Lui Chong Chee, 54

Group Chief Executive Officer and Managing Director

Mr Lui Chong Chee is appointed as Executive Director as well as Group Executive Officer & Managing Director of the Company from 1 September 2014. At the Company's 47th Annual General Meeting, Mr Lui will retire and be eligible for re-election pursuant to Article 101 of the Company's Articles of Association.

Mr Lui has extensive financial and business leadership experience from major listed companies. He served as Chief Financial Officer of Raffles Medical Group Ltd, where he was responsible for the financial management, business development and IT functions. During his time with the CapitaLand Group, he held various senior management positions, including Group Chief Financial Officer of CapitaLand Limited; Chief Executive Officer of CapitaLand Residential Limited; and Chief Executive Officer of CapitaLand Financial Limited. He also held various posts as Director in various listed companies with the CapitaLand Group, and was the Chairman of Australand Holdings Limited, which was listed in the Australian bourse. Prior to joining the CapitaLand Group, Mr Lui was Managing Director and Senior Vice President, Capital Markets Group of Citicorp Investment Bank (Singapore) Limited.

Mr Lui received a Bachelor of Science in 1985 in Business Administration (magna cum laude) from New York University, USA, as well as a Master of Business Administration in 1986 in Finance and International Economics. In 2005, he attended the Advanced Management Program at Harvard Business School.

Present Directorships in other listed companies:

Nil

Other principal commitments:

Singapore

- Far East Hospitality Holdings Pte. Ltd. (Chairman)
- The Boys' Brigade Share-a-Gift (Chairman)
- Rendezvous Hotels International Private Limited (Director)

Overseas

- Rendezvous Hotels (Australia) Pty Ltd (Director)
- Toga Hotel Holdings Pty Ltd (Director of Trustee Board)

Past Directorships in other listed companies (2012-2014):

- Australand Holdings Limited

Kiong Kim Hock Arthur, 54

Executive Director

Mr Kiong Kim Hock Arthur was appointed Executive Director and Chief Executive Officer of Hospitality Business of the Company on 1 September 2012. He was last re-elected as a Director of the Company on 30 April 2013. At the Company's 47th Annual General Meeting, Mr Kiong will retire by rotation pursuant to Article 96 of the Company's Articles of Association and he does not wish to seek re-election so as to devote more time to the hospitality business.

From 2008 to 2012, Mr Kiong was the Managing Director of Hotel Operation (Asia Pacific & China) and Senior Vice President of Group Marketing Services at Banyan Tree Hotels & Resorts. He was the Director of Far East Hospitality Business Group from August 2005 to 2007. Mr Kiong was Vice-President of Marketing (Asia Pacific) for the Peninsula Group based in Hong Kong from 2002 to 2005, where he was responsible for the marketing functions in Head Office and sales performance of the hotels outside the USA.

Mr Kiong has over 20 years of hotel industry experience having held operations, sales and marketing roles for various hotels in Asia and the USA including The Peninsula Hotels, The Mandarin Oriental Hong Kong, The Ritz-Carlton, Hyatt International, Westin Hotels and Banyan Tree Hotels & Resorts.

Present Directorships in other listed companies:

Nil

Other principal commitments:

Singapore

- Far East Hospitality Holdings Pte. Ltd. (Director and CEO)

Overseas

- Toga Hotel Holdings Pty Ltd (Director of Trustee Board)

Past Directorships in other listed companies (2012-2014):

Nil

Mdm Ng Siok Keow, 68

Non-Executive Director

Mdm Ng Siok Keow was appointed as an Executive Director of the Company on 6 August 1987 and was re-designated as a Non-Executive Director on 5 March 2014. She was last re-elected as a Director of the Company on 24 April 2014. As she is directly associated with Far East Organisation Pte Ltd, which is a substantial shareholder of the Company, she is considered by the Nominating Committee of the Company to be non-independent.

Mdm Ng is an Executive Director of Far East Organization and a Director of various unlisted companies in the Far East Organization Group. She also serves as a Director of Jurong Health Services Pte Ltd, which is the holding company of the Ng Teng Fong General Hospital in Singapore. She is a Patron of the Cairnhill Community Club and Bukit Timah Community Club, and was the Chairman of the Management Committee of Cairnhill Community Club from June 1994 to June 2007. She was also a Director of Singapore Symphonia Company Ltd. She was a Director of the Singapore Dance Theatre from 1999 to 2003 and a Resource Panel Member of the Government Parliamentary Committee (National Development) from 2001 to 2002.

Mdm Ng was awarded the Pingat Bakti Masyarakat (PBM) in 1995, the Orchid Award by the Singapore Girl Guides Association in 1996 and the Bintang Bakti Masyarakat (BBM) in 2001. In 2015, Mdm Ng was conferred the SG50 Outstanding Chinese Business Pioneers Award by the Singapore Chinese Chamber of Commerce & Industry in recognition of her exemplary contribution to Singapore in the real estate arena and to the community.

Mdm Ng obtained her Bachelor of Science (Honours) degree in Chemistry from the University of Singapore.

Present Directorships in other listed companies:
- Tung Lok Restaurants (2000) Ltd

Other principal commitments:
- Far East Organization (Executive Director)
- Jurong Health Services Pte Ltd (Director)

Past Directorships in other listed companies (2012-2014):
Nil

Mdm Tan Siok Hwee, 64

Non-Executive Director

Mdm Tan Siok Hwee was appointed as an Executive Director of the Company on 6 August 1987 and she was re-designated as a Non-Executive Director on 5 March 2014. Mdm Tan was last re-elected as a Director of the Company on 30 April 2013. She is an Executive Director of Far East Organization and also serves as Director of various non-listed companies in the Far East Organization Group. As she is directly associated with Far East Organisation Pte Ltd, which is a substantial shareholder of the Company, she is considered by the Nominating Committee of the Company to be non-independent.

Mdm Tan will retire by rotation pursuant to Article 96 of the Company's Articles of Association at the Company's 47th Annual General Meeting. As she will relinquish her role in Far East Organization in July 2015, she has decided not to seek re-election.

Mdm Tan obtained her Bachelor of Accountancy degree from the University of Singapore in 1973 and is a Certified Public Accountant. She has been a member of the Institute of Singapore Chartered Accountants since 1976.

Present Directorships in other listed companies:
Nil

Other principal commitments:
- Far East Organization (Executive Director)
- Jia Holdings Pte Ltd (Director)

Past Directorships in other listed companies (2012-2014):
Nil

Mr Heng Chiang Meng, 69

Lead Independent Director

- Chairman, Remuneration Committee
- Chairman, Nominating Committee
- Member, Audit & Risk Committee

Mr Heng Chiang Meng was appointed Non-Executive Director of the Company on 19 June 1998. In 2008, Mr Heng was appointed as Lead Independent Director of the Company. He was appointed as the Chairman of the Remuneration Committee and Nominating Committee on 9 March 2011 and 29 April 2011 respectively. He was last re-elected as a Director of the Company on 30 April 2013. Mr Heng, who has served on the Board for more than 9 years, is considered independent by the Nominating Committee because he has continued to demonstrate strong independence in character and judgment and has contributed effectively as an Independent Director by providing impartial and autonomous views.

In his corporate career spanning over 30 years, Mr Heng held senior positions in several financial institutions including Citibank NA, the Monetary Authority of Singapore and Overseas Union Bank Limited. His other major area of experience is in real estate, having been the Managing Director of First Capital Corporation Limited, the Executive Director in the Far East Organization Group, and the Group Managing Director of Lim Kah Ngam Limited.

He also served four terms as a Member of Parliament from 1984 to 2001 during which he chaired the Government Parliamentary Committees for Communications and the Environment as well as the Ang Mo Kio-Cheng San Community Development Council and the Cheng San Town Council.

Mr Heng holds a Bachelor of Business Administration (Honours) degree from the University of Singapore.

Present Directorships in other listed companies:

Singapore

- Keppel Land Limited
- Macquarie International Infrastructure Fund Limited

Overseas

- Academies Australasia Group Limited
  (listed on the Australian Stock Exchange in Sydney)

Other principal commitments:

Nil

Past Directorships in other listed companies (2012-2014):

Nil

Mr Cheng Hong Kok, 72

Independent Director

- Chairman, Audit & Risk Committee
- Member, Remuneration Committee

Mr Cheng Hong Kok was appointed Non-Executive Director of the Company on 30 May 1996. He was last re-appointed as a Director of the Company on 24 April 2014. Mr Cheng, being over the age of 70 years, will be re-appointed as a Director of the Company pursuant to Section 153(6) of the Companies Act (Cap. 50) at the Company's 47th Annual General Meeting. Mr Cheng, who has served on the Board for more than 9 years, is considered independent by the Nominating Committee because he has continued to demonstrate strong independence in character and judgment and has contributed effectively as an Independent Director by providing impartial and autonomous views.

Mr Cheng is currently a Director of SP Corporation Limited, a Singapore-listed company. He was also a Director of Gul Technologies Singapore Ltd, from which he stepped down after its successful voluntary delisting from the Singapore Exchange in January 2013. Mr Cheng was a Director and an Executive Committee member of Singapore Petroleum Company Limited (SPC) from 1999 to 2009. Prior to that, he was the President and Chief Executive Officer of SPC from 1981 to 1996. Through SPC, he was involved in the Asean Council on Petroleum (ASCOPE) for many years. He was also a Board member of the Singapore Economic Development Board from 1987 to 1990 and was a member of the Government Economic Planning Committee from 1989 to 1991.

Mr Cheng graduated from the University of London in 1964 with First Class Honours degree in Chemical Engineering and attended the Advanced Executive Management Program at the Kellogg Graduate School of Management, Northwestern University, USA, in 1981. In 1961, he was awarded the Singapore State Scholarship, the Colonial Welfare and Development Scholarship and the University of Malaya Entrance Scholarship. He was also awarded the University of Cambridge Fellowship and the Eisenhower Fellowship in 1964 and 1979 respectively.

Present Directorships in other listed companies:

- SP Corporation Limited

Other principal commitments:

Nil

Past Directorships in other listed companies (2012-2014):

- Gul Technologies Singapore Ltd
  (delisted on 18 January 2013)

Ms Chua Kheng Yeng, Jennie, 70

Independent Director

- Member, Audit & Risk Committee
- Member, Nominating Committee

Ms Chua was appointed to the Board of the Company as an Independent Director on 1 January 2014. On 1 April 2014, she was appointed as a Member of the Audit & Risk Committee and a Member of the Nominating Committee of the Company. She was last re-elected as a Director of the Company on 24 April 2014. Ms Chua, being over the age of 70 years, will be re-appointed as a Director of the Company pursuant to Section 153(6) of the Companies Act (Cap. 50) at the Company's 47^{th} Annual General Meeting. The Nominating Committee considers Ms Chua to be an Independent Director.

Ms Chua brings with her over 40 years of international experience in the tourism and hospitality industry. Ms Chua is a Director of two other entities listed on the Singapore Stock Exchange – GuocoLeisure Limited and GuocoLand Limited. She is a Director of ISS A/S, a company listed on NASDAQ OMX Copenhagen stock exchange.

She is currently the Chairman of Alexandra Health Pte Ltd, Alexandra Health System Pte Ltd, WoodlandsHealth Pte Ltd, Yishun Community Hospital Pte Ltd, Geriatric Education & Research Institute Limited and GLH Management Group Pte Ltd. She is also the Deputy Chairman of Temasek Foundation CLG Limited.

She is Singapore's Non-Resident Ambassador to the United Mexican States.

She is a Director of MOH Holdings Pte Ltd and The Singapore Chinese Girls' School.

She is a Member of the Advisory Board of the Latin American Chamber of Commerce-Singapore, a member of Singapore's Pro-Enterprise Panel and a member of MOH Holdings Healthcare Infrastructure and Planning Committee.

She is a Justice of the Peace, a Director on CapitaLand's Hope Foundation and an Adviser to the Community Chest.

She was formerly President and CEO of Raffles Holdings Ltd, Chairman of Raffles International Limited, President and CEO of The Ascott Group Limited, a Director of Ascott Residence Trust Management Limited, the Chief Corporate Officer of CapitaLand Limited, Chairman of the Singapore International Chamber of Commerce and Singapore's Non-Resident Ambassador to The Slovak Republic.

Awards and accolades which she had received include four Singapore National Day Awards, including the Meritorious Service Medal conferred in 2014, President's Volunteerism & Philanthropy Awards 2012 (President's Special Recognition Award), the Outstanding Contribution to Tourism Award 2006, Women's World Excellence Awards 2006, Travel Personality of the Year Award 2005, NTUC Medal of Commendation 2005, Bloomberg Business Week Magazine 25 Stars of Asia Award 2003, Asia Pacific (Hotel) 2002 Person of the Year, National Productivity Award 2002, Pacific Area Travel Writers Association Hall of Fame 2000, Hotelier of the Year 1999, Woman of the Year 1999, Champion of the Arts 1999 and Independent Hotelier of the World 1997.

Ms Chua graduated from Cornell University's School of Hotel Administration.

Present Directorships in other listed companies:

Singapore
- GuocoLeisure Limited
- GuocoLand Limited

Overseas
- ISS A/S (NASDAQ OMX Copenhagen stock exchange)

Other principal commitments:

Singapore
- Alexandra Health Pte Ltd (Chairman)
- Alexandra Health System Pte Ltd (Chairman)
- WoodlandsHealth Pte Ltd (Chairman)
- Yishun Community Hospital Pte Ltd (Chairman)
- Geriatric Education & Research Institute Limited (Chairman)
- GLH Management Group Pte Ltd (Chairman)
- Temasek Foundation CLG Limited (Deputy Chairman)
- MOH Holdings Pte Ltd (Director)
- The Singapore Chinese Girls' School (Director)
- The RICE Company Limited (Director)
- Singapore Institute of Technology (Chairman, Advisory Committee)

Overseas
- ISS World Services A/S (headquartered in Denmark) (Director)

Past Directorships in other listed companies (2012-2014):
- Ascott Residence Trust Management Limited (Director)
- CapitaMalls Asia Limited (Director)

Mdm Ee Choo Lin Diana, 57

Independent Director

- Member, Audit & Risk Committee
- Member, Remuneration Committee

Mdm Ee was appointed to the Board of the Company as an Independent Director and Member of the Audit & Risk Committee on 29 April 2011. On 1 June 2011, she was appointed as a Member of the Remuneration Committee of the Company. She was last re-elected as a Director of the Company on 24 April 2014. The Nominating Committee considers Mdm Ee to be an Independent Director.

Mdm Ee has over 25 years of international experience in the tourism and hospitality industry. She held senior leadership positions at Raffles International Limited managing multi-hotel brands and gained broad experience in the areas of business management, sales and marketing, operations, technical services, quality assurance management, human resources and organisational development. She was formerly President of Raffles Hotels & Resorts where she held responsibilities for the group's growth strategy and for the operating and financial performance of its hotels spanning South East Asia, China, the United States, Middle East and Europe.

Mdm Ee obtained her Bachelor of Arts degree in Economics from the National University of Singapore.

Present Directorships in other listed companies:
Nil

Other principal commitments:

Singapore

- Mt Faber Leisure Group Pte Ltd (Chairman)
- SHATEC Institutes Pte Ltd (Director and Chairman, Academic & Examinations Advisory Council)
- Hotel & Accommodation Industry Skills & Training Council, Workforce Development Agency Singapore (Vice Chairman)
- BND Associates Pte Ltd (Director)
- Far East Hospitality Holdings Pte. Ltd. (Director)
- Republic Polytechnic Singapore (Member of Board of Governors and School of Hospitality Advisory Committee)
- Singapore Tourism Board (Director)

Overseas

- Toga Hotel Holdings Pty Ltd (Director of Trustee Board)

Past Directorships in other listed companies (2012-2014):
Nil

Mr Ling Ang Kerng, Kelvin, 53

Chief Financial Officer

Mr Ling Ang Kerng, Kelvin was appointed Chief Financial Officer of the Company on 1 January 2014. He is responsible for business ventures, strategic partnerships, and overall financial matters of Far East Orchard and its group of companies.

Mr Ling was previously the Chief Operating Officer of the Retail Business Group at Far East Organization ("FEO"). In other senior roles, Mr Ling had spearheaded the implementation of shared services including the consolidation of accounting functions across FEO's hospitality portfolio, identifying and implementing business solutions to drive financial discipline and enhance the assets' financial performance. He also launched the restaurant and franchised food arm of FEO, Kitchen Language, in 2008 to bring new food concepts and brands to Singapore.

Prior to joining FEO, Mr Ling spent over 20 years in finance and operations in professional and commercial business environments including The Oriental Singapore, Pontiac Marina, Coopers & Lybrand and various insurance companies. He was also involved in incubating services for start-ups at PwC Consultants Singapore.

Mr Ling is a member of the Institute of Singapore Chartered Accountants, and a Fellow of the Association of Chartered Certified Accountants.

Business Structure

Investments

Singapore
33%
- FEO Hospitality Asset Management Pte Ltd and FEO Hospitality Trust Management Pte Ltd

Hospitality

OWNED PROPERTIES[2]

Australia
70%
- Rendezvous Hotel Perth Scarborough
- Rendezvous Hotel Perth Central
- Rendezvous Hotel Melbourne
- Restaurant and manager unit at Rendezvous Hotel Brisbane Anzac Square[2,4]
- Manager units at Rendezvous Reef Resort Port Douglas[2]

30%
- Adina Apartment Hotel Sydney Harbourside
- Adina Apartment Hotel Adelaide Treasury
- Adina Apartment Hotel Brisbane
- Vibe Hotel Sydney
- Travelodge Mirambeena Resort Darwin
- 280 George Street Sydney
- 171 George Street Brisbane

Germany
35%
- Adina Apartment Hotel Berlin Checkpoint Charlie
- Adina Apartment Hotel Berlin Hauptbahnhof
- Adina Apartment Hotel Frankfurt Neue Oper

Denmark
35%
- Adina Apartment Hotel Copenhagen

Malaysia
100%
- Oasia Suites Kuala Lumpur

LEASED PROPERTIES[2]

Singapore
100%
- Orchard Parade Hotel
- Village Hotel Albert Court
- Village Residence Clarke Quay

Australia and New Zealand
70%
- Rendezvous Hotel Sydney The Rocks
- Rendezvous Hotel Brisbane Anzac Square[3,4]
- Rendezvous Reef Resort Port Douglas[3]
- Rendezvous Hotel Adelaide
- Rendezvous Hotel Brisbane on George
- Rendezvous Hotel Sydney Central
- Rendezvous Hotel Auckland
- Rendezvous Hotel Christchurch

Property

PROPERTY INVESTMENT

Singapore
100%
- Offices at Tanglin Shopping Centre
- Medical units at Novena Medical Center and Novena Specialist Center

Australia
70%
- Retail podium at Rendezvous Hotel Perth Scarborough

PROPERTY DEVELOPMENT

Australia
50%
- Harbourfront Balmain

Singapore
100%
- Medical units at Novena Medical Center and Novena Specialist Center

33%
- Woods Square

30%
- RiverTrees Residences

20%
- SBF Center
- euHabitat

MANAGEMENT AND OTHER

Singapore and Malaysia
70%
- Far East Hospitality
  Operates the brands Oasia, Quincy, Rendezvous Hotels and Village Hotels and Residences

Australia, New Zealand, Germany, Hungary and Denmark
30%
- TFE Hotels
  Operates the brands Adina Apartment Hotels, Medina Serviced Apartments, Vibe Hotels and Travelodge Hotels

Notes:
1 Percentages shown here are based on the Group's effective interest.
2 Managed by Far East Hospitality or TFE Hotels.
3 Rendezvous Hotels (Australia) Pty Ltd leases all units and owns the 2 units in each of these strata titled properties.
4 To be rebranded under the Adina Apartment Hotel from 1 April 2014.

Vibe Canberra, Australia

Hotel Kurrajong, Canberra, Australia

Expanding Opportunities

Readily, we remain nimble to opportunities, constantly seeking to inspire new possibilities while maximising synergies.

Adina Apartment Hotel Berlin Hackescher Markt, Germany

Harbourfront Balmain, Sydney, Australia

Number of new hospitality management agreements and properties:

14

Corporate Governance

Far East Orchard Limited is committed to maintaining a high standard of corporate governance and to promote corporate transparency, accountability and integrity to enhance shareholders' value.

This report describes the Group's corporate governance practices and structures with reference to the principles and guidelines of the Code of Corporate Governance 2012 (the "Code") as well as the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Companies Act (Cap. 50) of Singapore (the "Act"), where applicable. The Group remains focused on the spirit and substance of the Code. It is constantly reviewing its current practices in line with the guidelines of the Code.

PRINCIPLE 1
Board's Conduct of its Affairs

The Board, as fiduciaries in the interests of the Company, is collectively responsible for the long-term success of the Group. It has the responsibility to oversee the effectiveness of Management, provide entrepreneurial leadership, review the Group's corporate strategies and direction, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives. The Company's Management remains accountable to the Board.

The functions of the Board include reviewing and approving the annual budget of the Group, ensuring that there is a sound system of internal controls to safeguard shareholders' investments and the Group's assets, reviewing management accounts, reviewing the Management and business performance of the Group, approving the release of the quarterly and year-end results announcements, and endorsing the framework of remuneration for the Board and key executives.

The Board is made up of Directors who have the right core competencies and experience to enable the Board to contribute effectively.

Every Director is expected, in the course of carrying out his/her duties, to act in good faith, provide insights and consider at all times, the interests of the Group.

The Board has established three board committees ("Board Committees") to assist in the execution of its responsibilities. They are the Audit & Risk Committee ("ARC"), the Remuneration Committee ("RC") and the Nominating Committee ("NC").

The Board meets at least four times a year at regular intervals and whenever particular circumstances require. Telephonic attendance and conference via audio communication at Board meetings are allowed under the Company's Articles of Association. The Board and Board Committees may also make decisions by way of circulating resolutions.

The attendance of the Directors at scheduled meetings of the Board and Board Committees during the financial year ended 31 December 2014 is disclosed below:

	Board	Audit & Risk Committee	Nominating Committee	Remuneration Committee
No. of Meetings	**5**	**4**	**1**	**2**
Names Of Directors				
Koh Boon Hwee	5	-	1	-
Lucas Chow Wing Keung[1]	3	-	-	-
Lui Chong Chee[2]	2	-	-	-
Ng Siok Keow	5	-	-	-
Tan Siok Hwee	4	-	-	-
Kiong Kim Hock Arthur	5	-	-	-
Heng Chiang Meng	5	4	1	2
Cheng Hong Kok	5	4	-	2
Chua Kheng Yeng, Jennie[3]	4	3	-	-
Ee Choo Lin Diana[4]	5	4	1	2

Notes:

1 Mr Lucas Chow Wing Keung retired as the Group CEO and Managing Director on 1 September 2014.

2 Mr Lui Chong Chee was appointed as the Group CEO and Managing Director on 1 September 2014.

3 Ms Chua Kheng Yeng, Jennie was appointed as a member of the ARC and the NC on 1 April 2014.

4 Mdm Ee Choo Lin Diana stepped down as a member of the NC with effect from 1 April 2014.

The Company recognises the contribution of the Directors beyond attendance at the meetings of the Board and Board Committees.

The Company has adopted internal guidelines regarding matters that require Board approval. The types of material transactions, which require Board approval, include:

i) transactions in the ordinary course of business with gross value per transaction exceeding a specified amount;
ii) major transactions not in the ordinary course of business;
iii) borrowings and/or provision of corporate guarantees or other securities;
iv) acquisition or disposal of fixed assets exceeding a specified value;
v) equity or contractual joint ventures;
vi) diversification into new businesses; and
vii) interested person transactions.

Changes to regulations and accounting standards are monitored closely by Management. The Directors are briefed, during Board meetings or at specially convened sessions conducted by professionals, on regulatory changes that have any significant bearing on the Group's or Directors' obligations.

Newly appointed Directors are provided training on the roles and responsibilities of a Director of a public listed company. Each new Director is provided with a formal letter setting out the Director's duties and obligations and is also briefed by Management on the business activities and strategic directions of the Group. Directors are briefed and provided with relevant information on the Group's policies and procedures relating to corporate conduct and governance including disclosure of interests in securities, restricted periods for dealings in the Group's securities and restrictions on disclosure of confidential or price sensitive information.

Corporate Governance

The Directors were provided opportunities to attend other appropriate courses, conferences and seminars, at the Company's expense, which include programmes conducted by the Singapore Institute of Directors.

PRINCIPLE 2
Board Composition and Guidance

The Board currently consists of nine (9) Directors of whom four (4) are considered independent by the Board. There is a strong independence element on the Board, with Independent Directors constituting more than one-third of the Board.

Mr Heng Chiang Meng, Mr Cheng Hong Kok, Ms Chua Kheng Yeng, Jennie and Mdm Ee Choo Lin Diana are considered Independent Directors. The Independent Directors have provided declarations and confirmed that they do not have any relationship with the Company or its related companies and its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement in the best interests of the Company. The NC and the Board have deliberated their declarations and considered them independent.

The Board is of the view that Mr Heng Chiang Meng and Mr Cheng Hong Kok are considered independent, notwithstanding that they have been on the Board for more than nine (9) years, because they have continued to demonstrate strong independence in character and judgement. They have contributed effectively as Independent Directors by providing impartial and autonomous views. They are also subject to the same rigorous review and assessment as the other Independent Directors.

The Board is of the view that its present size is appropriate and facilitates effective decision-making, taking into account the scope and nature of the Group's operations. The Board comprises respected members of the business community who have long and extensive experience in various fields, including engineering, hospitality, corporate management, accounting, banking and finance. A profile of each member of the Board is found in the "Board of Directors and Management" section of the Annual Report.

Board members engage in open and constructive debate and challenge Management on its assumptions and proposals which is fundamental to good corporate governance. The Board aids in the development of strategic proposals and oversees effective implementation by Management to achieve set objectives. The Board also monitors reporting of performance. The Non-Executive Directors are well supported by accurate, complete and timely information. Non-Executive Directors have unrestricted access to Management. Informal meetings are held for Management to brief Directors on prospective deals and potential developments at an early stage, before formal Board approval is sought. The Non-Executive Directors meet informally without the presence of Management. When Directors are unable to attend any Board or Board Committee meetings, they may provide their comments to the Chairman of the Board or the relevant Board Committees separately.

The Board has no dissenting view on the Letter to Shareholders from the Chairman and the Group CEO for the year in review.

PRINCIPLE 3
Chairman and Chief Executive Officer

The roles and responsibilities of the Chairman and the Group CEO are distinct and separate to maintain effective supervision and accountability. The Chairman and the Group CEO are not related family members.

The Chairman is responsible for ensuring the effectiveness of the Board and Board Committees as well as governance process. He promotes an open environment for debate, ensures sufficient allocation of time for thorough discussion of Board Meeting agenda items and ensures that Non-Executive Directors are able to speak freely and contribute effectively. In addition, he provides close oversight, guidance, advice and leadership to the Group CEO and Management.

At annual general meetings and other shareholders meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management.

The Group CEO manages and develops the businesses of the Group. He is responsible for effectively managing and supervising the day-to-day business operations in accordance with the strategies, policies and business plans approved by the Board. The Group CEO is supported by the Executive Director in leading Management in the day-to-day operations of the Group.

Board interaction with, and independent access to, Management is encouraged.

Shareholders with concerns may contact the Lead Independent Director, Mr Heng Chiang Meng, directly when contact through the normal channels via the Chairman or other Management personnel has failed to provide satisfactory resolution, or when such contact is inappropriate. The Lead Independent Director's email address is available in the Company's website.

The Independent Directors, led by the Lead Independent Director, meet without the presence of other Directors as and when required and provide feedback to the Chairman after such meetings.

PRINCIPLE 4
Board Membership

The NC was established on 25 March 2002 and now comprises Mr Heng Chiang Meng, Mr Koh Boon Hwee and Ms Chua Kheng Yeng, Jennie, who are all Non-Executive Directors, the majority of whom are independent. The Chairman of the NC is Mr Heng Chiang Meng. Mr Heng was appointed as the Lead Independent Director in 2008.

The NC's key Terms of Reference include making recommendations to the Board on all appointments to the Board and Board Committees, assessing the effectiveness of the Board as a whole and reviewing and recommending the appointment of key executives. The NC reviews the training and professional development programmes for the Board and maintains effective working relationships with the Board and Management.

The Company believes that the Board's renewal must be an on-going process, to ensure good governance and to maintain relevance to the business as well as the changing needs of the Group. New Directors are normally appointed by way of a Board Resolution, after the NC has approved their nomination.

The NC will consider the Company's current Board in terms of its size, composition, collective skills and experience and diversity. Potential candidates are selected through internal resources, referrals from existing Directors and/or external searches. Candidates should possess relevant experience and have the calibre to contribute to the Group and its businesses, and complement the skills and competencies and attributes of the existing Board and the requirements of the Group. The candidate must be a person of integrity and must be able to commit sufficient time and attention to the affairs of the Company, notwithstanding his/her other listed company board representations and/or principal commitments.

The NC is charged with the responsibility of re-nominating the Directors. The Company's Articles of Association require one-third, or the number nearest to one-third, of the Directors, including the person holding the office of Managing Director (or any equivalent appointment however described), to retire from office. The Directors to retire every year are those who have been longest in office since their last election or appointment. No Director stays in office for more than three years without being re-elected by shareholders. In addition, a newly appointed Director will hold office only until the next annual general meeting at which he/she will be eligible for re-election. Directors of over 70 years of age are required to be re-appointed as a Director every year at the AGM under Section 153(6) of the Act before they can continue to act as a Director. This will enable all shareholders to exercise their rights in selecting all Board members.

Each member of the NC abstains from voting on any resolution, making any recommendation and/or participating in respect of matters in which he/she is interested in.

Directors who are seeking re-election at the next AGM on 22 April 2015 are stated in the Notice of AGM on page 118 of the Annual Report.

The NC conducts an annual review of the independence of each Director, taking into account the relationships and the tenure of service under the Code. Each Independent Director submits a checklist to confirm his/her independence, based on the guidelines provided by the Code, for the NC's consideration. The NC provides its views on the independence of the Directors, to the Board for the Board's consideration.

Corporate Governance

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his/her duties as a Director of the Company. The NC is of the view that there is no current need to determine the maximum number of board representations a Director should have as the NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations. Board and Board Committee meetings are scheduled in advance to facilitate the Directors' scheduling of their commitments.

The NC is satisfied that all Directors have discharged their duties adequately for the financial year ended 31 December 2014.

Key information regarding the Directors is listed in the "Board of Directors and Management" of the Annual Report. Information on the Directors is also available on www.fareastorchard.com.sg.

PRINCIPLE 5
Board Performance

The responsibilities of the NC include evaluating the performance of the Board and the Chairman of the Board based on a set of criteria. The assessment criteria includes the Board's performance against established performance objectives, namely competencies, commitment, contribution, performance, attendance, preparedness, participation and candour of the Board and Directors, contribution to ensuring effective risk management, response to problems and crisis, the Board's relationship with the Management and adequacy of Board and Board Committee meetings held to enable proper consideration of issues. The NC is of the view that the primary objective of the assessment exercise is to create a platform for the Board members to encourage exchange of views on the Board's strengths and shortcomings with a view to strengthening the effectiveness of the Board as a whole.

A formal review of the Board's performance is undertaken collectively and individually by the Board annually. The evaluation exercise is carried out annually by way of a Board Assessment Checklist, which is circulated to the Board members for completion and thereafter, for the NC to review and determine the actions required to improve the corporate governance of the Company and effectiveness of the Board and Board Committees as a whole.

Informal evaluation of the performance of the Board will be undertaken on a continuous basis by the NC with input by the Executive Directors and the Chairman. The latter will act on the results of the evaluation and where appropriate, in consultation with the NC, will propose the appointment of new Directors or seek resignation of current Directors.

PRINCIPLE 6
Access to Information

The Board has separate and independent access to the Management of the Group, who keeps the Board apprised of the Group's operations and performance by providing periodic management reports. In order to ensure that the Board is able to fulfill its responsibilities, Management is required to provide complete, adequate and timely information to the Board on issues that require their decision. Management also provides reports relating to operational and financial performance of the Group. Whenever appropriate, Managers who can provide additional insight in the matters to be discussed are invited to attend the Board meetings.

Information provided include board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and quarterly internal financial statements. In respect of budgets, any material variance between the projections and actual results should also be disclosed and explained.

The Directors also have separate and independent access to the Company Secretary. The role of the Company Secretary includes attendance at all Board meetings, preparation of the agenda and papers for meetings of the Board and its various committees, writing and circulating minutes of meetings, sending Board members information relating to the Group as needed, ensuring that board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

Each member of the Board has direct access to the Group's independent professional advisors as and when necessary to enable each member to discharge his/her responsibility effectively. Any cost of obtaining professional advice will be borne by the Company.

The Company's Articles of Association and Terms of Reference of the Board Committees provide for meetings by teleconferencing or videoconferencing where physical meetings are not possible. Communication could also be effected by electronic means such as emails.

PRINCIPLE 7
Procedures for Developing Remuneration Policies

The RC was established on 25 March 2002 and now comprises 3 members, all of whom are Independent Directors. Mr Heng Chiang Meng, the Lead Independent Director, chairs the RC. The other members of the RC are Mr Cheng Hong Kok and Mdm Ee Choo Lin Diana.

The key Terms of Reference of the RC include reviewing matters concerning remuneration of the Board, Group CEO and Management, including but not limited to Director's fees, salaries, allowances, bonuses and benefits in kind.

The RC approves the framework of remuneration for the entire organisation, including the structuring of any long-term incentive plans. The members of the RC do not participate in any decisions concerning their own remuneration. The RC's recommendations are submitted for the Board's discussion or, as the case may be, approval.

The RC recommends to the Board the specific remuneration packages for Executive Directors and the Group CEO upon recruitment. Subsequently, various aspects of their remuneration will be reviewed by the RC for recommendation to the Board.

The RC members are familiar with Executive compensation matters as they manage their own businesses and/or are holding directorships in the boards of other established companies or listed companies.

The proposed Directors' fees for 2015 were recommended in 2012 after taking into account advice from external consultants, market trends and prevailing market rates. These fees will be tabled at the AGM for shareholders' approval.

The RC has access to appropriate advice from the Head of Human Resources, who attends all RC meetings. The RC may also seek external expert advice on remuneration of Directors and staff. In its deliberations, the RC takes into consideration industry practices and norms in compensation, in addition to the Group's relative performance to the industry and the performance of the individual Directors. Where such expert is appointed, the Company shall disclose the names and firms of the remuneration consultants herein, and include a statement on whether the remuneration consultants have any relationships with the Company that will affect the independence and objectivity of the remuneration consultants.

The RC has reviewed the Company's obligations arising in the event of termination of the Executive Directors' and Key Management personnel's contracts of service and is of the view that such contracts of service contain fair and reasonable termination clauses which are neither overly generous nor rewarding poor performance.

PRINCIPLE 8
Level and Mix of Remuneration

All of the Directors receive the same amount of Director's Fees. Members of the various Board Committees receive additional fees for serving on the respective Board Committees. The Chairman of each of these Board Committees is paid additional fees. The aggregate of all these fees is approved for payment by the Company's shareholders at the annual general meetings of the Company. The Board will recommend the Directors' Fees for approval at the 47th Annual General Meeting.

The RC is of the view that the Independent Directors are not over-compensated to the extent that their independence may be compromised.

The Group does not have any employee share option scheme.

Corporate Governance

The Executive Directors have entered into service agreements with the Company or its related corporations which link rewards to corporate and individual performance to promote shareholders' interests, long-term success of the Group and risk management policies. The service agreements cover the terms of employment, specifically salary and other benefits. The remuneration packages of Mr Lucas Chow (before his retirement), Mr Lui Chong Chee, as the Group CEO and Managing Director, and Mr Arthur Kiong, the Executive Director and CEO of Hospitality Business include a variable performance bonus.

The RC has reviewed the Company's obligations arising in the event of termination of the Executive Directors' and Key Management personnel's contracts of service and is of the view that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The Company currently does not have contractual provisions to reclaim incentive component of remuneration from Executive Directors and Key Management personnel and there are no excessively long or onerous removal clauses in these service agreements. The service agreements may be terminated by the Company giving them three (3) months' written notice or payment of salary in lieu of notice.

PRINCIPLE 9
Disclosure on Remuneration

The Directors' remuneration consists of their fees (and salary for Executive Directors). All Directors' Fees are subject to the approval of the shareholders at annual general meetings.

A breakdown showing the level and mix of each individual Director's remuneration in the financial year ended 31 December 2014 is appended below. For competitive reasons, the Company is only disclosing the remuneration of each Director in percentage terms for the financial year under review.

Name of Director	Fee[1]	Base salary[1]	Variable / performance-related income / bonuses	Benefits in kind
	%	%	%	%
$1,250,000 to $1,499,999				
Lucas Chow Wing Keung[2]	1.80	98.10	0.00	0.00
$1,000,000 to $1,249,999				
Kiong Kim Hock Arthur	3.30	94.80	0.00	1.90
$500,000 to $749,999				
Lui Chong Chee[3]	2.10	54.30	43.50	0.10
Below $250,000				
Koh Boon Hwee	100	-	-	-
Ng Siok Keow	100	-	-	-
Tan Siok Hwee	100	-	-	-
Heng Chiang Meng	100	-	-	-
Cheng Hong Kok	100	-	-	-
Chua Kheng Yeng, Jennie	100	-	-	-
Ee Choo Lin Diana	100	-	-	-

Notes:
1 Inclusive of allowances and Central Provident Fund contributions.
2 Mr Lucas Chow Wing Keung retired as the Group CEO and Managing Director on 1 September 2014.
3 Mr Lui Chong Chee was appointed as the Group CEO and Managing Director on 1 September 2014.

The remuneration of the top five (5) key executives (who are not Directors of the Company) for the financial year ended 31 December 2014 is appended below. For competitive and confidentiality reasons, the Company is only disclosing the remuneration in percentage terms for the financial year in review. The Board is of the view that full disclosure would not be in the interests of the Company as such information is confidential and sensitive and could be exploited by competitors. The Board is of the opinion that the information disclosed would be sufficient for shareholders to have an adequate appreciation of the Company's compensation policies and practices.

Name	Designation	Base salary[1]	Variable[2] / performance-related income / bonuses	Benefits in kind
	%	%	%	%
\$500,000 to \$749,999				
Raphael Saw Kheng Hwa[3]	Chief Operating Officer and Director of Hospitality Division	92.50	1.50	6.00
Ling Ang Kerng[4]	Chief Financial Officer	80.20	14.0	5.90
\$250,000 to \$499,999				
Brian Stampe	Deputy Director of Hospitality Division	83.70	3.10	13.10
Below \$250,000				
Chung Suet Cheng Audrey[5]	Head, Global Sales & Marketing	95.70	3.60	0.70
Richard Lee Voon Kean[6]	Assistant Director of Hospitality Division	93.80	0.00	6.20

Notes:
1 Inclusive of allowances and Central Provident Fund contributions
2 Based on 2014 actual payout
3 Mr Raphael Saw Kheng Hwa relinquished his role as the Chief Operating Officer and Director of Hospitality on 1 January 2015
4 Mr Ling Ang Kerng was appointed as the Chief Financial Officer of the Company on 1 January 2014
5 Ms Chung Suet Cheng Audrey was appointed as Head, Global Sales & Marketing on 7 March 2014
6 Mr Richard Lee Voon Kean resigned with effect from 13 July 2014

Key executives' compensation consists of salary, allowances and bonuses. Bonuses are conditional upon the executives and the Group meeting certain performance targets. A significant proportion of executives' remuneration is linked to the Group and individual performance.

For the financial year ended 31 December 2014, there was no termination, retirement or post-employment benefit granted to Directors, the Group CEO or any of the key executives.

No employee of the Company and its subsidiaries was an immediate family member of a Director or the Group CEO and whose remuneration exceeded S$50,000 during the financial year ended 31 December 2014.

Corporate Governance

PRINCIPLE 10
Accountability

The Board conducts itself in ways that deliver maximum sustainable value to the shareholders. The Board promotes best practices in providing timely and full disclosure of material information in compliance with the statutory reporting requirements as a means to build an excellent business for the shareholders. The Board is accountable to shareholders and is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects through SGXNET announcements on a quarterly basis.

In preparing the financial statements, the Board has selected suitable accounting policies and applied them consistently. The Board has made judgements and estimates that are reasonable and prudent and ensures that all applicable accounting standards have been followed. The financial statements were prepared on the basis that the Directors have reasonable expectations, having made enquiries that the Group has adequate resources to continue operations for the foreseeable future.

The Board has taken adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the SGX-ST, for instance, by establishing written policies where appropriate.

Management provides members of the Board with quarterly management accounts and other information in connection with certain matters or transactions, which would require Board approval. In this way, the Board is kept abreast of the operations, financial performance, position and prospects of the Group.

PRINCIPLE 11
Risk Management and Internal Controls

The Company believes that it maintains a sound system of risk management and internal controls, addressing material financial, operational, compliance and information technology ("IT") risks, amongst other risks, to safeguard shareholders' interests and the Group's assets.

The Board determines the Company's levels of risk tolerance and risk policies, and oversees Management in the design, implementation and monitoring of the risk management and internal control systems. The Group refers all significant matters to the ARC and the Board. The Board reviews, at least annually, the adequacy and effectiveness of the Group's risk management and internal control systems.

The ARC assists the Board in determining the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives. The ARC considers the nature of the risks facing the Group and the extent to which these risks are acceptable, the likelihood of risks materialising and the Group's ability to reduce their occurrence and impact on the business, and the cost versus the benefit of managing the risks. The ARC ensures that the internal auditor conducts reviews of the Group's internal controls, addressing material financial, operational and compliance controls. Risk management and financial management are also assessed.

The Group has in place an Enterprise Risk Management ("ERM") framework that consolidates the risk management practices across the Group. The consolidated approach provides the Management a formal framework and structure to identify risks and optimise available resources to mitigate the risks. The ERM framework encompasses an evaluation process to determine its adequacy and effectiveness; and accords appropriate enhancements to improve the ERM framework and structure. The framework is fundamentally aligned to best practices including those stated in the Risk Governance Guidance for Listed Boards released by the Corporate Governance Council in May 2012.

The key risks identified by the Group may be broadly categorised into the following:

Financial Risks
The Group's activities are affected by various financial risks, including interest rate risk, exchange rate risk and liquidity risk. The details of each are set out in Note 31 to the financial statements of this Annual Report.

Operational Risks
The operational risks facing the Group include changes in external market conditions such as oversupply of properties, price-cutting by competitors and drop in visitor arrivals due to political instability, terrorism and health warnings. Other risks include increase in operating costs and the necessity for capital expenditure from time to time.

Compliance Risks
The Group faces compliance risks such as changes to government policies, rules and regulations relating to the property and hospitality industry within the jurisdictions where the Group operates.

IT Risks
Failure of critical IT systems can potentially disrupt the Group's business. Confidential information, such as customers' personal data, may be at risk of cyber-attacks. The Group has conducted Business Impact Analysis (BIA), through which it has identified IT-dependent critical business functions and has put in place contingency plans to mitigate the impact of IT risk.

Management undertakes periodic reviews of the Group's past performances and conducts horizon scanning in order to identify and assess current and future risks related to the aforementioned risk categories – financial, operational, compliance and IT. Based on these reviews, Management employs reasonable endeavours in ensuring that these risks are within limits and strategies approved by the Board.

Although the Board acknowledges that it is responsible for the overall internal control framework, it also recognises that no cost effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Board is satisfied that the system of risk management and internal controls that the Group has in place provides reasonable assurance against material financial misstatements or loss, safeguarding of assets, the maintenance of proper accounting records, reliability of financial information, compliance with legislation, regulations and best practices and the identification and management of business risks. The Board, with the concurrence of the ARC, is therefore of the opinion that the Group's system of risk management and internal controls is adequate and effective to address financial, operational, compliance and IT risks of the Group in its current business environment.

The Board has received assurance from the Group CEO and the Chief Financial Officer that:
(i) 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
(ii) the Group's risk management and internal control systems are adequate and effective in addressing the material risks in the Group in its current business environment, including material financial, operational, compliance and IT risks.

PRINCIPLE 12
Audit & Risk Committee ("ARC")

The Company's ARC comprises four Directors, all of whom are Independent Directors. Mr Cheng Hong Kok is the Chairman of the ARC, the other members are Mr Heng Chiang Meng, Ms Chua Kheng Yeng, Jennie and Mdm Ee Choo Lin Diana. The Board is of the view that all members of the ARC have accounting and/or related financial management expertise and experience to discharge their responsibilities as members of ARC.

The ARC has explicit authority to investigate any matter within its Terms of Reference, which include assessing the appropriateness of mechanisms created to identify, prevent and minimise business risks; ensuring integrity of financial statements and performance, ensuring that a review of the effectiveness of the Group's material internal controls is conducted at least annually; reviewing the independent auditor's proposed audit scope, their remuneration, the terms of their engagement and the final audit report; reviewing the performance and considering the independence of the independent auditor and meeting with them quarterly; and reviewing all interested persons transactions.

The ARC has full access to and the co-operation of the Group's Management and in addition, has absolute discretion to invite any Director or Management of the Group to attend its meetings, as it deems necessary.

Corporate Governance

The ARC has conducted an annual review of non-audit services provided by the independent auditor to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity provided by the independent auditor before confirming their re-nomination. The aggregate amount of fees paid to the independent auditor of the Company and subsidiaries for audit services for the financial year ended 31 December 2014 amounted to S$431,000. The fees for non-audit services provided by the independent auditor for the financial year ended 31 December 2014 were S$133,000 and were incurred for the completion work in relation to the transactions with The Straits Trading Company Limited as well as other advisory work. The ARC has nominated PricewaterhouseCoopers LLP ("PwC") for re-appointment as independent auditors of the Company at the forthcoming Annual General Meeting.

From 2014, all local subsidiaries have appointed PwC as their independent auditors. All except one of the overseas subsidiaries have also appointed PwC or its affiliated firms as their independent auditors. The Board and the ARC had reviewed the appointment of a different auditor for one of its overseas subsidiary and were satisfied that the appointment of a different auditor would not compromise the standard and effectiveness of the audit of the Group.

The Company is in compliance with Rules 712, 715 and 716 of the Listing Rules in relation to its independent auditors.

In the last financial year, the ARC held four (4) meetings. In those meetings, the ARC reviewed, *inter alia*, the internal auditor's report on interested party transactions as well as the various reports on other areas of the Group's business, the internal auditor's audit plan and fee for the current financial year, the independent auditor's final audit report, the quarterly and year-end announcements on financial statements, the Group's quarterly and year-end performances, and corporate governance matters.

The ARC has also met separately with the independent auditor and the internal auditor without the presence of the Company's Management. These meetings enable the independent auditor and internal auditor to raise issues encountered in the course of their audit directly to the ARC.

During the last financial year, the ARC reviewed the Whistle Blowing Policy of the Group. The Whistle Blowing Policy provides employees with an avenue to raise concerns in good faith and confidence about possible improprieties in financial reporting or other matters without fear of reprisals. The objective of the Policy is to ensure an independent investigation of such matters for appropriate follow-up action. Details of the Whistle Blowing Policy have been made available to all employees in three different languages, namely, English, Mandarin and Bahasa Indonesia.

Where applicable, the ARC was provided with updates and explanation by the Chief Financial Officer and the independent auditors during the financial year, on changes to the accounting standards and issues which have direct impact on the Group's consolidated financial statements.

PRINCIPLE 13
Internal Audit

During the financial year in review, the Group had outsourced its internal audit function to the Group Internal Audit Department ("GIA") of Far East Organization. GIA reported directly and primarily to the ARC and also reported administratively to the Group CEO. The Group has appointed RSM Ethos Pte Ltd to provide the internal audit services for the financial year ending 31 December 2015.

The ARC ensures the adequacy of the internal audit function by examining the scope of the internal auditors' work, the quality of their reports, their qualifications and training, their relationship with the independent auditors and their independence of the areas reviewed. The internal auditors have unfettered access to the ARC, the Company's documents, records, properties and personnel.

Having regard to the Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors, and having reviewed the functions and organisational structure of the internal auditors, the ARC is satisfied that internal auditors meet the requisite standards, are adequately resourced, and have appropriate standing within the Group.

The ARC reviews, at least once a year, the adequacy and effectiveness of the internal auditors.

PRINCIPLE 14
Shareholder Rights

The Company practises fair and equitable treatment to all shareholders and stakeholders. To facilitate the exercise of ownership rights, the Company provides all material information which would materially affect price or value of shares in an accurate and timely manner via SGXNET, so as to enable shareholders to make informed decisions.

Shareholders are entitled to and encouraged to attend all general meetings to stay informed of the Company's goals and strategies and to ensure a high level of accountability. The Board is satisfied that shareholders have been given the opportunity to participate effectively and to vote at general meetings. Shareholders are also informed of voting procedures governing general meetings.

The Company's Articles of Association allow shareholders to vote in person or by proxy or by attorney, or in the case of a corporation by a representative. A shareholder may appoint up to two proxies to attend and vote in his stead at a general meeting. For shareholders who hold shares through nominees such as CPF and custodian banks, they are allowed to attend the general meetings as observers, subject to rules of general meetings and availability of seats. The Company has not amended its Articles of Association to provide for other methods of voting in absentia due to security and integrity concerns. The Company noted that provision for such other methods of voting in absentia would also require a costly system of authentication to ensure the integrity of information and the identity of shareholders in telephonic and electronic media.

PRINCIPLE 15
Communication with Shareholders

The Company is committed to making timely, full and accurate disclosures in accordance with the listing rules of the SGX-ST and the Code. It strives to disclose information, including price sensitive information, to its shareholders in a timely and accurate manner within the mandatory periods. Such announcements include the quarterly and full-year results, material transactions and other major developments that will have impact on the Company or Group. It also responds to queries from investors, fund managers and analysts without making selective disclosures, through various channels such as news releases, annual reports, SGXNET and the Company's website.

The first three quarters' financial results are released to shareholders no later than 45 days from the end of each quarter. Full year results are released no later than 60 days from the financial year end.

The Company recognises the importance of regular, effective and timely communication with the shareholders.

The Company's main forum for dialogue with shareholders takes place at its annual general meetings, whereat members of the Board, Management and the independent auditors are in attendance. To solicit and understand shareholders' views, shareholders are given the opportunity at the annual general meetings to express their views and ask questions regarding the Group. The Company conducts surveys at each annual general meeting to receive feedback from shareholders.

Notices of general meetings are despatched to shareholders, together with explanatory notes or a circular on items of special business, on a timely basis in accordance with the legal requirements.

PRINCIPLE 16
Conduct of Shareholder Meetings

The procedures at general meetings facilitate opportunities for shareholders to participate and communicate with the Directors.

At general meetings, each distinct issue is the subject of a separate resolution.

The Chairmen of the Board and the Board Committees are usually available at the Company's general meetings to address questions raised.

Corporate Governance

The Company's independent auditors are also present at annual general meetings of the Company to address shareholders' queries on the conduct of audit and the preparation and content of the auditor's report. Shareholders also have the opportunity to communicate their views and discuss with the Board and Management after the general meetings.

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

Shareholders are given opportunities to vote at general meetings. The voting process for the current and future annual general meetings shall be by electronic polling for all resolutions for greater transparency in the voting process. Votes cast for or against and the respective percentages on each resolution will be tallied and displayed 'live' on-screen to shareholders immediately after each poll is conducted. The total number of votes cast for or against the resolutions and the respective percentages will also be announced in a timely manner after the AGM via SGXNET.

DEALINGS IN SECURITIES

On an annual basis, the Company issues a securities trading policy to its Directors and employees where they are reminded that they should refrain from dealing in the securities of the Company:

(i) during the two weeks before and up to the date of announcement of the Company's first three quarters' results and during the one month before and up to the date of announcement of the full year results;

(ii) on short term considerations; and

(iii) at any time if they are in possession of unpublished material price-sensitive information.

The Company also issues a quarterly circular to its Directors and employees reminding them of the prohibited period from dealing in the Company's securities before the release of the results and at any time if they are in possession of unpublished material price-sensitive information.

MATERIAL CONTRACTS

Save for the transactions set out in the Company's circular to shareholders dated 24 June 2013 and the related parties transactions as disclosed in the Financial Statements and this Annual Report, no material contract involving the interests of any Director or controlling shareholder of the Group has been entered into by the Company or any of its subsidiaries since the end of the financial year and no such contract subsisted at the end of the financial year.

USE OF PROCEEDS

The Company has utilised all of the net proceeds raised from the sale of the Hospitality Assets during the financial year in review.

INTERESTED PERSON TRANSACTIONS

Interested person transactions carried out during the financial year which fall under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited are as follows:

Name of interested person	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual** (excluding transactions less than $100,000)	**Aggregate value of all interested person transactions during the financial year under review** (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
	$'000	**$'000**
China Classic Pte Ltd		
Hospitality management income	115	-
Dollar Land Singapore Private Limited		
Hospitality management income	401	-
Far East Hospitality Real Estate Investment Trust		
Property management income	549	-
Rental expense on operating leases		
- offices	(1,050)	-
- hotels and serviced residences	(27,301)	-
Far East Management (Private) Limited		
Management service fees	(2,013)	-
Hospitality services	(1,668)	-
Project management service fees	(183)	-
Rental income on operating leases – offices	235	-
Far East Organization Centre Pte Ltd		
Hospitality management income	2,585	-
Rental income on operating leases – offices	102	-
Far East Property Sales Pte Ltd		
Sales and marketing service fees	(665)	-

Corporate Governance

Name of interested person	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual** (excluding transactions less than $100,000) $'000	**Aggregate value of all interested person transactions during the financial year under review** (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) $'000
Golden Development Private Limited		
Hospitality management income	3,132	-
Golden Landmark Pte Ltd		
Hospitality management income	1,496	-
Lyon Cleaning & Maintenance Services Pte Ltd		
Hospitality services	(274)	-
Orchard Mall Pte Ltd		
Hospitality management income	898	-
Orchard Parksuites Pte Ltd		
Hospitality management income	1,727	-
Oxley Hill Properties Pte Ltd		
Hospitality management income	600	-
Riverland Pte Ltd		
Hospitality management income	577	-
Serene Land Pte Ltd		
Hospitality management income	1,983	-
Transurban Properties Pte Ltd		
Hospitality management income	2,001	-

The hospitality management income stated above has taken into account the waiver of payments required, as described in paragraph 2.1.6(ii) of Appendix H in the circular to the shareholders dated 19 June 2012 (the "Circular"), from Far East Hospitality Management (S) Pte. Ltd., a subsidiary of the Group, by Far East Organization (as defined in the Circular).

Financial Report

DIRECTORS' REPORT

For the financial year ended 31 December 2014

The directors present their report to the members together with the audited financial statements of Far East Orchard Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2014 and the balance sheet of the Company as at 31 December 2014.

DIRECTORS

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

Mr Koh Boon Hwee
Mr Lui Chong Chee (appointed on 1 September 2014)
Mr Kiong Kim Hock Arthur
Mdm Ng Siok Keow
Mdm Tan Siok Hwee
Mr Heng Chiang Meng
Mr Cheng Hong Kok
Ms Chua Kheng Yeng, Jennie
Mdm Ee Choo Lin Diana

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Number of ordinary shares			
	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 31 December 2014	At 1 January 2014	**At 31 December 2014**	At 1 January 2014
Far East Orchard Limited				
Mdm Ng Siok Keow	**14,469**	14,469	**77,038**	77,038
Yeo Hiap Seng Limited				
Mdm Ng Siok Keow	**3,195**	3,195	**15,978**	15,978

(b) The directors' interests in the ordinary shares of the Company as at 21 January 2015 were the same as those as at 31 December 2014.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous 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, except as disclosed in the accompanying financial statements and in this report, and except that certain directors have employment relationships with related corporations of the ultimate holding company, and have received remuneration in those capacities.

DIRECTORS' REPORT

For the financial year ended 31 December 2014

SHARE OPTIONS

No options were granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

AUDIT & RISK COMMITTEE

The members of the Audit & Risk Committee at the end of the financial year were as follows:

Mr Cheng Hong Kok (Chairman)
Mr Heng Chiang Meng
Ms Chua Kheng Yeng, Jennie (appointed on 1 April 2014)
Mdm Ee Choo Lin Diana

All members of the Audit & Risk Committee were independent non-executive directors.

The Audit & Risk Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2014 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit & Risk Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

MR LUI CHONG CHEE
Director

MR KIONG KIM HOCK ARTHUR
Director

27 March 2015

STATEMENT BY DIRECTORS

For the financial year ended 31 December 2014

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 46 to 115 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; 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.

On behalf of the directors

MR LUI CHONG CHEE
Director

MR KIONG KIM HOCK ARTHUR
Director

27 March 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of Far East Orchard Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Far East Orchard Limited (the "Company") and its subsidiaries (the "Group") set out on pages 46 to 115, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2014, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 27 March 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	Note	**2014**	2013
		$'000	$'000
Sales	4	**315,537**	158,569
Cost of sales		**(231,110)**	(114,040)
Gross profit		**84,427**	44,529
Other income	7	**3,896**	3,099
Other gains – net	8	**3,634**	11,004
Expenses			
– Distribution and marketing		**(11,672)**	(8,007)
– Administrative		**(27,550)**	(15,519)
– Finance	9	**(4,321)**	(812)
– Other		**(8,102)**	(20,473)
Share of results of			
– joint ventures	17	**5,797**	4,120
– associated companies	16	**2,649**	3,108
Profit before income tax		**48,758**	21,049
Income tax (expense)/credit	10(a)	**(13,279)**	463
Net profit		**35,479**	21,512
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges			
– Fair value losses	27(iv)	**-**	(5,814)
– Reclassification	27(iv)	**-**	5,814
Share of other comprehensive income/(loss) of			
– joint ventures		**7,215**	(426)
– associated companies		**(61)**	(564)
Currency translation losses arising from consolidation		**(8,959)**	(7,744)
		(1,805)	(8,734)
Items that will not be reclassified subsequently to profit or loss:			
Revaluation gains on property, plant and equipment – net	27(i)	**7,102**	6,630
Tax on revaluation gains	25	**(7,350)**	(315)
Other comprehensive loss, net of tax		**(2,053)**	(2,419)
Total comprehensive income		**33,426**	19,093

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Net profit attributable to:			
– Equity holders of the Company		**35,498**	29,385
– Non-controlling interest		**(19)**	(7,873)
		35,479	21,512
Total comprehensive income attributable to:			
– Equity holders of the Company		**31,050**	29,094
– Non-controlling interest		**2,376**	(10,001)
		33,426	19,093
Basic and diluted earnings per share for net profit attributable to equity holders of the Company (cents per share)	11	**8.97**	7.61

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

BALANCE SHEET – GROUP

As at 31 December 2014

	Note	2014 $'000	2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents	12	**98,386**	264,975
Trade and other receivables	13	**81,376**	67,278
Inventories		**666**	857
Development properties	14	**38,691**	40,365
Properties held for sale	15	**123,863**	140,417
		342,982	513,892
Non-current assets			
Investments in associated companies	16	**8,424**	7,812
Investments in joint ventures	17	**241,107**	282,167
Other receivables	13	**221,131**	73,617
Investment properties	19	**315,598**	304,475
Property, plant and equipment	20	**592,537**	588,204
Intangible assets	21	**151,506**	155,907
Deferred income tax assets	25	**1,413**	4,765
		1,531,716	1,416,947
Total assets		**1,874,698**	1,930,839
LIABILITIES			
Current liabilities			
Trade and other payables	22	**127,408**	140,577
Current income tax liabilities	10(b)	**7,519**	4,761
Borrowings	23	**86,264**	-
Provisions	24	**5,923**	8,268
		227,114	153,606
Non-current liabilities			
Other payables	22	**406,687**	503,265
Deferred income tax liabilities	25	**27,481**	17,371
Borrowings	23	**19,476**	89,415
Provisions	24	**12,706**	14,982
		466,350	625,033
Total liabilities		**693,464**	778,639
NET ASSETS		**1,181,234**	1,152,200
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	26	**439,617**	420,616
Revaluation and other reserves	27	**340,003**	344,451
Retained profits	28	**389,796**	377,691
		1,169,416	1,142,758
Non-controlling interest		**11,818**	9,442
TOTAL EQUITY		**1,181,234**	1,152,200

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

BALANCE SHEET – COMPANY

As at 31 December 2014

	Note	2014 $'000	2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents	12	**56,031**	199,548
Trade and other receivables	13	**167,003**	169,161
Inventories		**36**	39
		223,070	368,748
Non-current assets			
Investments in associated companies	16	**696**	696
Investment in a joint venture	17	**300**	300
Investments in subsidiaries	18	**509,154**	553,532
Other receivables	13	**480,052**	281,207
Investment properties	19	**120,066**	116,209
Property, plant and equipment	20	**361,156**	371,673
		1,471,424	1,323,617
Total assets		**1,694,494**	1,692,365
LIABILITIES			
Current liabilities			
Trade and other payables	22	**15,624**	66,420
Current income tax liabilities	10(b)	**494**	2,617
		16,118	69,037
Non-current liabilities			
Other payables	22	**605,295**	575,845
Deferred income tax liabilities	25	**548**	648
		605,843	576,493
Total liabilities		**621,961**	645,530
NET ASSETS		**1,072,533**	1,046,835
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	26	**439,617**	420,616
Revaluation and other reserves	27	**329,629**	339,686
Retained profits	28	**303,287**	286,533
TOTAL EQUITY		**1,072,533**	1,046,835

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

	Note	Attributable to equity holders of the Company									
		Share capital $'000	Capital reserve $'000	Asset revaluation reserve $'000	Currency translation reserve $'000	Fair value reserve $'000	Hedging reserve $'000	Retained profits $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Group – 2014											
Beginning of financial year		420,616	10,557	342,516	(7,901)	(564)	(157)	377,691	1,142,758	9,442	1,152,200
Shares issued in-lieu of dividend	26	19,001	-	-	-	-	-	(19,001)	-	-	-
Dividend paid to shareholders in cash	29	-	-	-	-	-	-	(4,392)	(4,392)	-	(4,392)
Total comprehensive income for the year		-	-	2,507	(6,154)	(61)	(740)	35,498	31,050	2,376	33,426
End of financial year		**439,617**	**10,557**	**345,023**	**(14,055)**	**(625)**	**(897)**	**389,796**	**1,169,416**	**11,818**	**1,181,234**
Group – 2013											
Beginning of financial year		394,612	-	336,423	(2,238)	-	-	371,253	1,100,050	-	1,100,050
Shares issued in-lieu of dividend	26	26,004	-	-	-	-	-	(16,140)	9,864	-	9,864
Dividend paid to shareholders in cash	29	-	-	-	-	-	-	(6,807)	(6,807)	-	(6,807)
Dilution of interest in the business of a subsidiary	27	-	10,557	-	-	-	-	-	10,557	19,443	30,000
Total comprehensive income for the year		-	-	6,093	(5,663)	(564)	(157)	29,385	29,094	(10,001)	19,093
End of financial year		**420,616**	**10,557**	**342,516**	**(7,901)**	**(564)**	**(157)**	**377,691**	**1,142,758**	**9,442**	**1,152,200**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Net profit		**35,479**	21,512
Adjustments for:			
– Income tax expense/(credit)		**13,279**	(463)
– Depreciation of property, plant and equipment		**9,334**	3,499
– Amortisation of intangible assets		**3,781**	2,243
– Impairment loss on a country club membership		**59**	-
– Interest income		**(3,210)**	(1,971)
– Interest expense		**4,321**	812
– Loss/(gain) on disposal of property, plant and equipment		**18**	(1)
– Fair value gains on investment properties		**(12,578)**	(14,700)
– Revaluation losses on property, plant and equipment		**1,392**	-
– Impairment loss on property, plant and equipment		**781**	-
– Foreseeable loss on a development property		**-**	459
– Share of results of joint ventures		**(5,797)**	(4,120)
– Share of results of associated companies		**(2,649)**	(3,108)
– Unrealised currency translation losses		**6,743**	1,444
		50,953	5,606
Change in working capital:			
– Trade and other receivables		**(14,587)**	(38,110)
– Inventories		**168**	49
– Development properties and properties held for sale		**17,515**	70,364
– Trade and other payables		**(16,331)**	(5,823)
– Provisions		**(4,022)**	(1,517)
Cash generated from operations		**33,696**	30,569
Interest paid		**(224)**	-
Income tax paid – net		**(3,834)**	(2,384)
Net cash provided by operating activities		**29,638**	28,185
Cash flows from investing activities			
Acquisition of businesses, net of cash acquired	34(b)	**-**	(62,020)
Additions to property, plant and equipment		**(15,359)**	(15,136)
Disposal of property, plant and equipment		**340**	1
Dividends received from joint venture		**2,881**	-
Investments in joint ventures		**(71,078)**	(146,992)
Advances to joint ventures		**(145,343)**	(39,581)
Advances from a joint venture		**10,920**	41,580
Interest received		**1,507**	2,297
Net cash used in investing activities		**(216,132)**	(219,851)
Cash flows from financing activities			
Proceeds from borrowings		**22,712**	12,340
Repayment of borrowings		**(4,161)**	(7,979)
Interest paid		**(5,180)**	(967)
Dividends paid to shareholders		**(4,392)**	(42,200)
Advances from non-controlling interest		**11,910**	46,128
Net cash provided by financing activities		**20,889**	7,322
Net decrease in cash and cash equivalents		**(165,605)**	(184,344)
Cash and cash equivalents at beginning of financial year	12	**264,975**	450,820
Effects of currency translation on cash and cash equivalents		**(984)**	(1,501)
Cash and cash equivalents at end of financial year	12	**98,386**	264,975

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Far East Orchard Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 1 Tanglin Road #05-01, Orchard Parade Hotel, Singapore 247905.

The principal activities of the Company are investment holding, hotel operations, property development and property investment. The principal activities of its significant subsidiaries are included in Note 37.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2014

The Group had early adopted the following new and amended standards that were not effective in 2013, together with the consequential amendments to other FRSs, for the financial year ended 31 December 2013.

- FRS 110 *Consolidated Financial Statements* and Amendment to FRS 27 (revised 2011) *Separate Financial Statements*
- FRS 111 *Joint Arrangements* and Amendment to FRS 28 *Investments in Associates and Joint Ventures*
- FRS 112 *Disclosure of Interests in Other Entities*

On 1 January 2014, the Group adopted the other new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies and disclosures in the financial statements of the Group and the Company, and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and the specific criteria for each of the Group's activities are met as follows:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Revenue recognition (continued)

(a) Hospitality operations

Revenue from operation of owned or leased hospitality properties is recognised when the accommodation and related services are provided.

(b) Hospitality management fees and other fees

(i) Hospitality management fees

Management fees earned from hospitality properties managed by the Group are recognised when services are rendered under the terms of the contract. The fees include a base fee, which is generally a percentage of the hospitality property's revenue, and/or an incentive fee, which is generally based on the hospitality property's profitability.

(ii) Other fees

Other fees include centralised services fees, property management fees, project management fees, technical services fees and other incidental fees. The fees are recognised when services are rendered under the terms of the contract.

(c) Sale of development properties

Revenue from sale of development properties under construction is recognised when the properties are delivered to the buyers, except for cases where the control and risk and rewards of the property are transferred to the buyers as construction progresses, in which case sales are recognised by reference to the stage of completion of the properties. Refer to Note 2.5 *Development properties* for the accounting policy for such cases.

(d) Sale of properties held for sale

Revenue from sale of properties held for sale is recognised when the properties are delivered to the buyers.

(e) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(f) Interest income

Interest income is recognised using the effective interest method.

(g) Dividend income

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of net results of operations and net assets of a subsidiary which is attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair values of the identifiable net assets is recorded as goodwill. Refer to Note 2.7(a) *Intangible assets – Goodwill on acquisitions* for the subsequent accounting policy on goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific accounting standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Refer to Note 2.10 *Investments in subsidiaries, joint ventures and associated companies* for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Joint operations

The Group's joint operations are joint arrangements whereby the parties (the joint operators) that have joint control of the arrangement have rights to the assets, and obligations to the liabilities, relating to the arrangement.

The Group recognises, in relation to its interest in the joint operation:
- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

When the Group sells or contributes assets to a joint operation, the Group recognises gains or losses on the sale or contribution of assets that is attributable to the interest of the other joint operators. The Group recognises the full amount of any loss when the sale or contribution of assets provides evidence of a reduction in the net realisable value, or an impairment loss, of those assets.

The accounting policies of the assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(d) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies and joint ventures' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies and joint ventures are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make, or has made, payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies and joint ventures are eliminated to the extent of the Group's interest in the associated companies and joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The accounting policies of associated companies and joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(d) Associated companies and joint ventures (continued)

(iii) Disposals

Investments in associated companies and joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained equity interest at the date when significant influence or joint control is lost, and its fair value and partial disposal proceeds, is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associated companies and joint ventures in which significant influence or joint control is retained are recognised in profit or loss.

Refer to Note 2.10 *Investments in subsidiaries, joint ventures and associated companies* for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

2.4 Property, plant and equipment

(a) Measurement

(i) Land and buildings

Land and buildings are initially recognised at cost and subsequently carried at the revalued amount less accumulated impairment losses, if any.

Land and buildings are revalued by independent professional valuers on triennial basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in profit or loss. Decreases in carrying amounts that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases in carrying amounts are recognised in profit or loss.

(ii) Other property, plant and equipment

Other property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any.

(iii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs. Refer to Note 2.8 for the accounting policy on borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

(b) Depreciation

Freehold land and construction-in-progress are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Buildings	50 years
Plant, equipment, furniture and fittings	3–10 years
Motor vehicles	5–10 years
Other assets	5–10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains – net". Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Development properties

Development properties refer to properties developed for sale.

Development properties that are unsold are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

Sale of development properties under construction in respect of which sale and purchase agreements are entered into prior to completion of construction are recognised when the properties are delivered to the buyers, except in cases where the control and risk and rewards of the property are transferred to the buyers as construction progresses.

For sales of development properties of the Group that are within the scope as described in paragraph 2 of the Accompanying Note to INT FRS 115 *Agreements for the Construction of Real Estate*, the Group recognises revenue for sales of such development properties by reference to the stage of completion of the properties.

The stage of completion is determined by reference to the proportion of construction costs incurred to date, as certified by the architects or quantity surveyors, to the estimated total construction costs for the project. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as expense immediately.

At balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses, if any) on each contract is compared against the progress billings. Where the cumulative costs incurred (less recognised losses) exceed progress billings, the balance is presented as "Due from customers" within "Trade and other receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is shown as "Due to customers" within "Trade and other payables".

Progress billings not yet paid by customers and retentions by customers are included within "Trade and other receivables". Advances received are included within "Trade and other payables".

2.6 Properties held for sale

Properties held for sale refer to completed properties that are held for sale. They are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (a) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over (b) the fair value of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed.

Goodwill on subsidiaries and joint operations is recognised separately as intangible assets and carried at cost less accumulated impairment losses, if any.

Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, joint operations, associated companies and joint ventures include the carrying amount of goodwill relating to the entity sold.

(b) Acquired hospitality lease and management agreements

Hospitality lease and management agreements acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses, if any. These costs are amortised to profit or loss using the straight-line method over the term of the agreements of 5 to 40 years.

2.8 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction of assets or development of properties. This includes those costs on borrowings acquired specifically for the construction of assets or development of properties, as well as those in relation to general borrowings used to finance the construction of assets or development of properties.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the asset under construction or property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Investment properties

Investment properties include those portions of land and buildings that are held for long-term rental yields and/or for capital appreciation and land under operating leases that is held for long-term capital appreciation or for a currently indeterminate use.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.10 Investments in subsidiaries, joint ventures and associated companies

Investments in subsidiaries, joint ventures and associated companies are carried at cost less accumulated impairment losses, if any, in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.11 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGUs") that is expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Impairment of non-financial assets (continued)

(b) Other intangible assets
Property, plant and equipment
Investments in subsidiaries, joint ventures and associated companies

Other intangible assets, property, plant and equipment and investments in subsidiaries, joint ventures and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Refer to Note 2.4 *Property, plant and equipment* for the treatment of a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Financial assets

Loans and receivables

Cash and cash equivalents and trade and other receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses, if any. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.13 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries and joint ventures. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries or joint ventures fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values, if material, plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' and joint ventures' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less. Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.16 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

The Group had entered into currency forwards that qualify as cash flow hedges against a highly probable forecasted transaction in a foreign currency. The fair value changes on the effective portion of the currency forwards designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedging reserve and transferred to the cost of a hedged non-monetary asset upon acquisition.

The fair value changes on the ineffective portion of currency forwards are recognised immediately in profit or loss. When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised in other comprehensive income are reclassified to profit or loss immediately.

2.17 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Operating leases

(a) When the Group is the lessee

The Group leases hospitality properties and offices under operating leases from non-related and related parties (Note 32(a)).

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) When the Group is the lessor

The Group leases investment properties under operating leases to non-related parties and related parties (Note 32(a)).

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

2.19 Income taxes

Current income tax for current and prior financial years is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Income taxes (continued)

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities, except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

2.21 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

2.22 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Currency translation (continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Currency translation differences arising from borrowings are presented as "Finance expenses" in the profit or loss. All other currency translation differences impacting profit or loss are presented as "Other gains – net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, net of bank overdrafts, if any. Bank overdrafts, if any, are presented as current borrowings on the balance sheet.

2.25 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.26 Dividends to Company's shareholders

Dividends to Company's shareholders are recognised when the dividends are approved for payment.

2.27 Reclassification of comparative figures

Certain comparative figures in the consolidated statement of comprehensive income and balance sheet of the Group have been reclassified to conform to current year presentation. The reclassification did not have any material impact to the comparative figures.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and assumptions are continually evaluated based on historical experience and various other factors that are believed to be reasonable under the current circumstances.

(a) Valuation of investment properties and property, plant and equipment

As at 31 December 2014, the Group's investment properties and land and buildings classified under property, plant and equipment are stated at their estimated fair values that are determined by independent professional valuers. These estimated fair values may differ significantly from the prices at which these properties can be sold due to the actual negotiations between willing buyers and sellers as well as changes in assumptions and conditions arising from unforeseen events. Consequently, the actual results and the realisation of these properties could also differ significantly from the estimates set forth in these financial statements.

If the actual fair values of investment properties increase or decrease by 1.0% from the estimates, the net assets and profit after tax of the Group will increase or decrease by $3,059,000 (2013: $2,969,000).

If the actual fair values of land and buildings classified under property, plant and equipment increase or decrease by 1.0% from the estimates, the net assets of the Group will increase or decrease by $4,938,000 (2013: $4,908,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

(b) Sale of properties under development

The Group uses the percentage-of-completion method to account for its sales of a property under development. The stage of completion is determined by reference to the proportion of construction costs incurred to date, as certified by the quantity surveyor, to the estimated total construction costs for the project.

Significant assumptions are required to estimate the total construction costs that will affect the determination of the stage of completion and therefore the revenue and profits recognised. In making these assumptions, management has relied on past experience and the work of the quantity surveyor.

If the actual total construction costs increased or decreased by 1.0% (2013: 2.0%) from the estimates, gross profit and profit before tax of the Group will decrease or increase by $1,185,000 or $1,209,000 (2013: $866,000 or $902,000) respectively.

(c) Impairment testing of goodwill

Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. As at 31 December 2014, the carrying amount of goodwill is allocated to two CGUs: (1) $42,155,000 (2013: $42,155,000) to management services under the hospitality business segment, Singapore and (2) $16,116,000 (2013: $16,736,000) to property ownership. As at 31 December 2014, there is no impairment of the goodwill based on the recoverable amounts of relevant CGUs that were determined based on value-in-use calculations that require the use of certain key assumptions (Note 21(a)).

If the key assumptions are higher or lower than the assumed rates, the effect on the carrying amount of the goodwill as at 31 December 2014 are as follows:

	Higher/ (lower) than assumed rate %	Reduction in carrying amount of goodwill $'000
Management services – Singapore		
Average revenue growth rate from 2016 to 2019	(0.5)	3,698
Terminal growth rate	(0.5)	3,142
Pre-tax discount rate	0.5	3,498
Property ownership		
Budgeted net profit margin	(1.0)	6,283
Pre-tax discount rate	1.0	5,930
Terminal yield	0.5	6,875

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

(d) Estimation of provisions for onerous hospitality lease agreements

As at 31 December 2014, the carrying amounts of the provisions for onerous hospitality lease agreements are estimated based on a number of inputs which included the gross operating profit margin for each onerous lease agreement. If the actual gross operating profit margins decrease or increase by 1.0% from the estimates, the carrying amounts of the provisions will be $1,458,000 higher or $1,503,000 lower (2013: $2,146,000 higher or $1,567,000 lower).

4. SALES

	Group	
	2014	2013
	$'000	$'000
Hospitality operations	**192,962**	80,349
Hospitality management fees and related fees received/receivable from:		
– related parties (Note 32(a))	**16,061**	15,723
– non-related parties	**263**	-
Sale of development properties	**75,471**	43,978
Sale of properties held for sale	**18,816**	9,909
Rental income	**11,871**	8,351
Management fees charged to a joint venture	**93**	259
	315,537	158,569

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

5. EXPENSES BY NATURE

	Group	
	2014	2013
	$'000	$'000
Advertising, promotion and marketing	**3,532**	5,065
Cost of development properties sold and properties held for sale	**69,670**	40,144
Foreseeable loss on a development property (Note 14(a))	**-**	459
Depreciation of property, plant and equipment (Note 20)	**9,334**	3,499
Directors' fees	**535**	469
Employee compensation (Note 6)	**64,295**	27,463
Hospitality supplies and services	**42,747**	14,378
Hospitality management fees – joint venture	**3,539**	568
Support services paid/payable to:		
– joint venture	**8,889**	1,201
– related parties (Note 32(a))	**4,300**	4,369
Fees on audit services paid/payable to:		
– auditor of the Company	**431**	389
– other auditors *	**160**	49
Fees on non-audit services paid/payable to auditor of the Company	**133**	1,437
Acquisition-related costs	**1,261**	15,478
Property tax and upkeep of properties	**8,287**	3,950
Amortisation of intangible assets (Note 21(b))	**3,781**	2,243
Rental expense on operating leases		
– related parties (Note 32(a))	**23,050**	25,708
– non-related parties	**24,504**	4,125
Other expenses	**9,986**	7,045
Total cost of sales, distribution and marketing, administrative and other expenses	**278,434**	158,039

* Includes the network of member firms of PricewaterhouseCoopers International Limited (PwCIL).

Included in the Group's rental expense on operating leases is contingent rent amounting to $17,903,000 (2013: $14,146,000) and amortisation of deferred income amounting to $5,301,000 (2013: $5,301,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

6. EMPLOYEE COMPENSATION

	Group	
	2014	2013
	$'000	$'000
Wages and salaries	**59,791**	25,142
Employer's contribution to defined contribution plans, including Central Provident Fund	**4,504**	2,321
	64,295	27,463

7. OTHER INCOME

	Group	
	2014	2013
	$'000	$'000
Interest income		
– Bank deposits	**1,362**	1,971
– Advances to joint ventures	**1,848**	669
Other miscellaneous income	**686**	459
	3,896	3,099

8. OTHER GAINS – NET

	Group	
	2014	2013
	$'000	$'000
Impairment losses of:		
– country club membership	**(59)**	-
– property, plant and equipment (Note 20)	**(781)**	-
Fair value gains on investment properties (Note 19)	**12,578**	14,700
Revaluation losses on property, plant and equipment	**(1,392)**	-
Net currency translation losses	**(6,694)**	(3,697)
(Loss)/gain on disposal of property, plant and equipment	**(18)**	1
	3,634	11,004

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

9. FINANCE EXPENSES

	Group	
	2014	2013
	$'000	$'000
Interest expense		
– Bank borrowings	**4,236**	1,289
– Advances from non-controlling interest	**1,327**	204
	5,563	1,493
Less: Borrowing costs capitalised in development properties and property, plant and equipment	**(1,242)**	(681)
Finance expenses recognised in profit or loss	**4,321**	812

10. INCOME TAXES

(a) Income tax expense/(credit)

	Group	
	2014	2013
	$'000	$'000
Tax expense/(credit) attributable to profit is made up of:		
– Profit for the financial year:		
Current income tax		
– Singapore	**1,647**	3,105
– Foreign	**5,406**	712
	7,053	3,817
Deferred income tax (Note 25)	**6,073**	(4,549)
	13,126	(732)
– (Over)/under provision in prior financial years:		
Current income tax		
– Singapore	**(843)**	244
– Foreign	**634**	-
Deferred income tax (Note 25)	**362**	25
	153	269
	13,279	(463)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

10. INCOME TAXES (continued)

(a) Income tax expense/(credit) (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2014	2013
	$'000	$'000
Profit before tax	**48,758**	21,049
Share of results of:		
– joint ventures, net of tax	**(5,797)**	(4,120)
– associated companies, net of tax	**(2,649)**	(3,108)
	(8,446)	(7,228)
Profit before tax and share of results of joint ventures and associated companies	**40,312**	13,821
Tax calculated at tax rate of 17% (2013: 17%)	**6,853**	2,349
Effects of:		
– different tax rates in other countries	**304**	(4,070)
– expenses not deductible for tax purposes	**7,150**	11,715
– income not subject to tax	**(1,472)**	(4,368)
– statutory stepped income exemption	**(111)**	(77)
– deferred tax asset not recognised	**148**	246
– recognition of previously unrecognised tax losses and capital allowances	**(586)**	(6,930)
– unremitted profit of a joint venture	**925**	478
– tax incentives	**(85)**	(75)
– under provision of tax	**153**	269
Tax charge/(credit)	**13,279**	(463)

In the preceding financial year, the effect of different tax rates in other countries relates to the adjustments to expenses not deductible for tax purposes incurred by the Group's foreign subsidiaries in countries with higher tax rates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

10. INCOME TAXES (continued)

(b) Current income tax liabilities

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**4,761**	3,188	**2,617**	1,553
Currency translation differences	**(252)**	(23)	**-**	-
Acquisition of businesses (Note 34)	**-**	(81)	**-**	-
Income tax paid – net	**(3,834)**	(2,384)	**(2,095)**	(1,139)
Tax expense	**7,053**	3,817	**-**	1,900
(Over)/under provision in prior financial years	**(209)**	244	**(28)**	303
End of financial year	**7,519**	4,761	**494**	2,617

(c) Tax effects – other comprehensive income

The tax charge or credit relating to each component of other comprehensive income, if any, is presented in the other comprehensive income.

11. EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2014	2013
Net profit attributable to equity holders of the Company ($'000)	**35,498**	29,385
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**395,521**	386,183
Basic earnings per share (cents per share)	**8.97**	7.61

Diluted EPS was the same as basic EPS as there are no dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**30,868**	38,699	**5,596**	5,473
Short-term bank deposits	**67,518**	226,276	**50,435**	194,075
	98,386	264,975	**56,031**	199,548

Included in cash and cash equivalents of the Group is the Group's share of its joint operation's bank balances and deposits amounting to $5,272,000 (2013: $8,848,000) held under the development project rules in Singapore and the use of which is also governed by these rules.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Current				
Trade receivables:				
– related parties (Note 32(a))	**6,314**	4,699	**159**	450
– non-related parties	**15,241**	15,803	**1,832**	2,312
Due from customers (Note 14(b))	**50,262**	35,653	**-**	-
	71,817	56,155	**1,991**	2,762
Less: Allowance for impairment of receivables:				
– related parties (Note 32(a))	**-**	(92)	**-**	-
– non-related parties	**(98)**	-	**-**	-
	71,719	56,063	**1,991**	2,762
Advances to a subsidiary	**-**	-	**159,554**	160,029
Deposits:				
– related parties (Note 32(a))	**5,321**	5,255	**5,159**	5,140
– non-related parties	**31**	37	**9**	9
Prepayments	**1,318**	2,333	**91**	90
Other receivables:				
– non-controlling interest	**1,221**	1,145	**-**	-
– related parties (Note 32(a))	**195**	1,428	**5**	835
– non-related parties	**1,571**	1,017	**194**	296
	9,657	11,215	**165,012**	166,399
	81,376	67,278	**167,003**	169,161

The advances to a subsidiary by the Company and the other receivables from non-controlling interest and related parties by the Group and the Company, if any, are unsecured, repayable on demand and interest-free, except that the advances to a subsidiary by the Company of $154,812,000 (2013: $154,812,000) which is interest-bearing at a weighted average effective rate of 2.0% (2013: 2.4%) per annum. Included in the Group's other receivables – non-related parties is an income tax recoverable of $814,000 (2013: Nil) from tax authorities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

13. TRADE AND OTHER RECEIVABLES (continued)

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Non-current				
Deposits – non-related parties	**50**	97	**-**	-
Prepayments	**432**	457	**264**	280
Country club membership	**228**	228	**228**	228
Advances to:				
– subsidiaries	**-**	-	**529,814**	364,286
– joint ventures	**220,597**	72,952	**40,501**	39,067
– associated company	**862**	862	**-**	-
	222,169	74,596	**570,807**	403,861
Less: Allowance for impairment of:				
– country club membership	**(176)**	(117)	**(176)**	(117)
– advances to:				
– subsidiaries	**-**	-	**(90,579)**	(122,537)
– associated company	**(862)**	(862)	**-**	-
	(1,038)	(979)	**(90,755)**	(122,654)
	221,131	73,617	**480,052**	281,207

The non-current advances to joint ventures by the Group and the Company represent the advances provided to the joint ventures that are formed to develop the joint venture projects.

The non-current advances to subsidiaries, joint ventures and an associated company by the Group and the Company, if any, are unsecured, not expected to be repayable in the next twelve months and interest-free except as follows:

- advances to subsidiaries by the Company of $243,934,000 (2013: $114,026,000), which is interest-bearing at a weighted average effective rate of 1.4% (2013: 1.2%) per annum;
- advances to joint ventures of the Group of $214,244,000 (2013: $72,952,000), which is interest-bearing at a weighted average effective interest rate of 1.5% (2013: 1.3%) per annum; and
- advances to a joint venture of the Company of $39,752,000 (2013: $38,852,000), which is interest-bearing at a weighted average effective interest rate of 1.5% (2013: 1.2%) per annum.

The fair values of non-current other receivables approximate their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

14. DEVELOPMENT PROPERTIES

(a) Unsold properties under development

This represents the Group's share in a joint operation's properties under development analysed as follows:

	Group	
	2014	2013
	$'000	$'000
Freehold and leasehold land	**37,032**	38,118
Development costs	**2,118**	2,706
	39,150	40,824
Less: Provision for foreseeable loss on a development property (Note 5)	**(459)**	(459)
	38,691	40,365

(b) Sold properties under development

This represents the Group's share in a joint operation's sold properties under development analysed as follows:

	Group	
	2014	2013
	$'000	$'000
Aggregate costs incurred and profits recognised		
– Leasehold land	**53,262**	52,176
– Development costs and attributable profits	**74,271**	31,271
	127,533	83,447
Less: Progress billings	**(77,271)**	(47,794)
	50,262	35,653
Presented as:		
Due from customers (Note 13)	**50,262**	35,653

(c)

Properties under development with carrying amounts of $38,100,000 (2013: $108,857,000) are provided as security for bank borrowings (Note 23).

At the balance sheet date, the details of the development properties of the Group are as follows:

Brief description and location	Stage of completion	Expected date of completion	Existing use	Site area (sm)	Gross floor area (sm)	Group's effective interest
euHabitat, 186 – 332 Jalan Eunos	82%	September 2015	Residential	41,261	64,736	20%
7 and 11 Bassein Road	Na	Na	Na	4,775	Na	30%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

14. DEVELOPMENT PROPERTIES (continued)

(c) (continued)

On 29 January 2015, the Group sold its 30% interest in 7 and 11 Bassein Road to its joint operations partner for this development project, Transurban Properties Pte Ltd ("TPPL"), for a cash consideration of $38,100,000 which is the carrying amount at 31 December 2014 as well as the sale date; after taking into account the latest available valuation of the property. TPPL is a related party of the Company (Note 32(a)). Part of the proceeds will be used to repay bank borrowings of $19,500,000 and discharge the mortgage over the property that existed as at 31 December 2014.

15. PROPERTIES HELD FOR SALE

	Group	
	2014	2013
	$'000	$'000
Medical suites	**123,863**	140,417

At the balance sheet date, the details of the Group's properties held of sale are as follows:

Brief description and location	Existing use	Site area (sm)	Gross floor area (sm)	Group's effective interest
7 units of medical suites at Novena Medical Center, 10 Sinaran Drive Singapore	Medical	Na	515	100%
32 units of medical suites at Novena Specialist Center, 8 Sinaran Drive Singapore	Medical	Na	2,249	100%

16. INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Equity investment at cost			**696**	696
Beginning of financial year	**7,812**	5,268		
Share of:				
– results	**2,649**	3,108		
– movement in fair value reserve	**(61)**	(564)		
Liquidation during the financial year	**(1,976)**	-		
End of financial year	**8,424**	7,812		

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

16. INVESTMENT IN ASSOCIATED COMPANIES (continued)

The details of the material associated company, FEO Hospitality Asset Management Pte Ltd ("FEOHAM") are set out in Note 37. The summarised financial information for FEOHAM is set out below.

Summarised balance sheet

	As at 31 December	
	2014	2013
	$'000	$'000
Current assets	**4,656**	4,958
Includes:		
– Cash and cash equivalents	**1,498**	1,500
Current liabilities	**(3,382)**	(3,833)
Non-current assets	**17,474**	9,924
Net assets	**18,748**	11,049

Summarised statement of comprehensive income

	For the financial year ended	
	2014	2013
	$'000	$'000
Sales	**12,017**	14,451
Expenses		
Includes:		
– Depreciation and amortisation	**(101)**	(99)
– Interest expense	**-**	(2)
Profit before income tax	**9,448**	11,116
Income tax expense	**(1,565)**	(1,819)
Net profit	**7,883**	9,297
Other comprehensive loss, net of tax	**(184)**	(1,710)
Total comprehensive income	**7,699**	7,587

The information above reflects the amounts included in the financial statements of FEOHAM and not the Group's share of those amounts, adjusted where necessary by the Group when applying the equity method of accounting.

There are no contingent liabilities relating to the Group's interest in FEOHAM.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

16. INVESTMENT IN ASSOCIATED COMPANIES (continued)

A reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in FEOHAM:

	2014 $'000	2013 $'000
Net assets at beginning of financial year	**11,049**	3,462
Profit for the financial year	**7,883**	9,297
Other comprehensive loss	**(184)**	(1,710)
Net assets at end of financial year	**18,748**	11,049
Interest in FEOHAM (2014 and 2013: 33%)	**6,187**	3,646
Goodwill	**343**	343
Carrying amount	**6,530**	3,989
Add:		
Carrying amount of individually immaterial associated companies	**1,894**	3,823
	8,424	7,812

17. INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Equity investment at cost			**300**	300
Beginning of financial year	**282,167**	132,559		
Additions	**71,078**	146,992		
Share of results	**5,797**	4,120		
Share of movements in:				
– asset revaluation reserve (Note 27(i))	**7,978**	-		
– currency translation reserve (Note 27(ii))	**294**	(201)		
– hedging reserve (Note 27(iv))	**(1,057)**	(225)		
Capital reduction	**(113,009)**	-		
Dividend received	**(2,881)**	-		
Currency translation differences	**(9,260)**	(1,078)		
End of financial year	**241,107**	282,167		

During the financial year, the Group

(a) made a capital contribution of $35,909,000 (or A$31,731,000) for an additional 5.5% interest in the total issued securities in Toga Hotel Holdings Unit Trust ("Toga JV");

(b) acquired a 50% interest in eight joint ventures which owned and operated three hotels in Germany and one hotel in Denmark for $35,169,000 (or EUR21,020,000); and

(c) reduced its investment in Orwin Development Limited by $113,009,000 through reduction of share capital.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

17. INVESTMENTS IN JOINT VENTURES (continued)

The summarised financial information for the Group's material joint ventures for the current and preceding years is set out below. The details of the joint ventures are set out in Note 37.

Summarised consolidated balance sheet

	Toga Hotel Holdings Unit Trust		Orwin Development Limited	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Current assets	**122,557**	69,823	**31,695**	71,861
Includes:				
– Cash and cash equivalents	**29,538**	37,716	**31,690**	55,867
Current liabilities	**(103,249)**	(171,723)	**(24,180)**	(43,775)
Includes:				
– Borrowings	**(37,217)**	(115,589)	**-**	-
Non-current assets	**558,669**	524,475	**24,788**	194,937
Non-current liabilities	**(149,682)**	(35,273)	**-**	(2,021)
Includes:				
– Borrowings	**(117,462)**	-	**-**	-
Net assets	**428,295**	387,302	**32,303**	221,002

Summarised consolidated statement of comprehensive income

	Toga Hotel Holdings Unit Trust		Orwin Development Limited	
	For the financial year ended		For the financial year ended	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Sales	**366,747**	148,659	**-**	-
Interest income	**242**	369	**89**	106
Expenses				
Includes:				
– Depreciation and amortisation	**(11,726)**	(4,173)	**-**	-
– Interest expense	**(7,002)**	(2,166)	**-**	-
Profit before income tax	**19,465**	14,372	**164**	141
Income tax (expense)/credit	**(6,311)**	(2,576)	**(514)**	562
Net profit/(loss)	**13,154**	11,796	**(350)**	703
Other comprehensive income/(loss), net of tax	**17,961**	(1,112)	**-**	-
Total comprehensive income/(loss)	**31,115**	10,684	**(350)**	703
Dividend received from joint ventures	**2,881**	-	**-**	-

The information above reflects the amounts included in the financial statements of the joint ventures, and not the Group's share of those amounts, adjusted where necessary by the Group when applying the equity method of accounting.

There are no contingent liabilities relating to the Group's interest in the joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

17. INVESTMENTS IN JOINT VENTURES (continued)

A reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in the joint ventures:

	Toga Hotel Holdings Unit Trust		Orwin Development Limited	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Net assets at beginning of financial year	**387,302**	-	**221,002**	220,299
Subscription during the financial year	**34,358**	376,864	**-**	-
Capital reduction	**-**	-	**(188,349)**	-
Profit/(Loss) for the financial year	**13,154**	11,796	**(350)**	703
Other comprehensive income/(loss)	**17,961**	(1,112)	**-**	-
Dividend paid	**(7,710)**	-	**-**	-
Currency translation differences	**(16,771)**	(246)	**-**	-
Net assets at end of financial year	**428,294**	387,302	**32,303**	221,002
Interest in Toga JV (2014: 43%, 2013: 37%); Orwin (2014 and 2013: 60%)	**181,760**	143,752	**19,382**	132,601
Goodwill	**5,814**	5,814	**-**	-
Carrying amount	**187,574**	149,566	**19,382**	132,601

The Group's share of aggregate carrying amount of other immaterial joint ventures is $34,151,000 (2013: Nil).

The Group's share of unrecognised losses of its joint ventures for the year and cumulatively amounted to $2,584,000 (2013: $2,081,000) and $4,665,000 (2013: $2,081,000) respectively.

18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014	2013
	$'000	$'000
Equity investments at cost	**518,817**	563,207
Less: Allowance for impairment of equity investments	**(9,663)**	(9,675)
	509,154	553,532

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

18. INVESTMENTS IN SUBSIDIARIES (continued)

The details of the subsidiary with material non-controlling interest, Far East Hospitality Holdings Pte. Ltd., are set out in Note 37. The summarised consolidated financial information for Far East Hospitality Holdings Pte. Ltd. and its subsidiaries, before inter-company eliminations with other subsidiaries within the Group, is set out below.

Summarised consolidated balance sheet

	As at 31 December	
	2014	2013
	$'000	$'000
Assets		
Current assets	**64,323**	79,254
Non-current assets	**584,887**	506,742
Total assets	**649,210**	585,996
Liabilities		
Current liabilities	**(326,896)**	(272,285)
Non-current liabilities	**(282,921)**	(282,237)
Total liabilities	**(609,817)**	(554,522)
Net assets	**39,393**	31,474
Carrying value of non-controlling interest at 30% (2013: 30%)	**11,818**	9,442

Summarised consolidated statement of comprehensive income

	For the financial year ended	
	2014	2013
	$'000	$'000
Sales	**164,583**	28,576
Profit/(loss) before income tax	**9,823**	(25,107)
Income tax expense	**(9,886)**	(1,136)
Net loss	**(63)**	(26,243)
Other comprehensive income/(loss), net of tax	**7,983**	(7,092)
Total comprehensive income/(loss)	**7,920**	(33,335)
Total comprehensive income/(loss) attributable to non-controlling interest	**2,376**	(10,001)

Summarised consolidated statement of cash flows

	For the financial year ended	
	2014	2013
	$'000	$'000
Operating cash inflows	**9,613**	2,339
Investing cash outflows	**(71,322)**	(202,935)
Financing cash inflows	**42,887**	250,549
Total cash (outflows)/inflows	**(18,822)**	49,953

There were no changes during the financial year in the Group's ownership interest in its significant subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

19. INVESTMENT PROPERTIES

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**304,475**	264,401	**116,209**	111,288
Fair value gains recognised in profit or loss (Note 8)	**12,578**	14,700	**3,857**	4,921
Acquisition of businesses (Note 34)	**-**	26,447	**-**	-
Currency translation differences	**(1,455)**	(1,073)	**-**	-
End of financial year	**315,598**	304,475	**120,066**	116,209

Investment properties of the Group with carrying amounts of $32,484,000 (2013: Nil) are provided as security for bank borrowings (Note 23).

The investment properties are leased to non-related parties and related parties (Note 32(a)) under operating leases. The following amounts are recognised in profit or loss:

	Group	
	2014	2013
	$'000	$'000
Rental income	**11,124**	7,763
Direct operating expenses arising from investment properties that generate rental income	**(3,890)**	(2,068)

At the balance sheet date, the details of the Group's investment properties are as follows:

Brief description and location	Existing use	Tenure
In Singapore		
Shops and offices (land only) at Orchard Parade Hotel, 1 Tanglin Road	Shops and offices	Freehold and leasehold
4 office units at Tanglin Shopping Centre, 19 Tanglin Road	Offices	Freehold
37 units of medical suites at Novena Medical Center, 10 Sinaran Drive	Medical	Leasehold with 99 years lease expiring on 27 August 2101
10 units of medical suites at Novena Specialist Center, 8 Sinaran Drive	Medical	Leasehold with 99 years lease expiring on 22 April 2106
In Australia		
Shops at Rendezvous Hotel Perth Scarborough, Western Australia	Shops	Freehold

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

19. INVESTMENT PROPERTIES (continued)

Valuation processes, techniques and inputs for Level 3 fair values

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at the end of the financial year based on the properties' highest and best use. The following table presents the valuation techniques and key inputs that were used to determine the fair value which is categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at 31 December		Valuation technique(s)	Unobservable input(s) and range	Relationship of unobservable inputs to fair value
	2014	2013			
	$'000	$'000			
Freehold and leasehold land – Singapore	**108,295**	104,438	Sales comparison	Pre-adjusted comparable sales price – $8,585 to $11,763 (2013: $6,558 to $7,228) psf	The higher the comparable sales price, the higher the fair value
Office units – Singapore	**11,771**	11,771	Sales comparison	Pre-adjusted comparable sales price – $1,874 to $2,929 (2013: $1,900 to $2,835) psf	The higher the comparable sales price, the higher the fair value
Medical suites – Singapore	**163,047**	162,892	Sales comparison	Pre-adjusted comparable sales price $4,266 to $6,105 (2013: $3,796 to $4,600) psf	The higher the comparable sales price, the higher the fair value
Shops – Australia	**32,485**	25,374	Discounted cash flow	Discount rate – 9.5% (2013: 10.0%)	The lower the discount rate, the higher the value
			Income capitalisation	Capitalisation rate – 8.0% (2013: 8.5%)	The lower the capitalisation rate, the higher the fair value
	315,598	304,475			

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

20. PROPERTY, PLANT AND EQUIPMENT

	Freehold and leasehold land $'000	Freehold and leasehold buildings $'000	Plant, equipment, furniture and fittings $'000	Construction-in-progress $'000	Motor vehicles $'000	Other assets $'000	Total $'000
Group – 2014							
Cost or valuation							
Beginning of financial year							
Cost	-	-	54,513	22,967	1,032	5,125	83,637
Valuation	420,356	121,802	-	-	-	-	542,158
	420,356	121,802	54,513	22,967	1,032	5,125	625,795
Currency translation differences	(1,904)	(4,892)	(489)	(474)	-	(78)	(7,837)
Additions	-	-	2,330	13,696	472	30	16,528
Disposals	-	-	(12)	-	(440)	-	(452)
Revaluation adjustments	(7,622)	8,790	-	-	-	-	1,168
End of financial year	410,830	125,700	56,342	36,189	1,064	5,077	635,202
Representing:							
Cost	-	-	56,342	36,189	1,064	5,077	98,672
Valuation	410,830	125,700	-	-	-	-	536,530
	410,830	125,700	56,342	36,189	1,064	5,077	635,202
Accumulated depreciation and impairment losses							
Beginning of financial year	-	-	34,757	-	145	2,689	37,591
Currency translation differences	-	(224)	(156)	-	-	(25)	(405)
Depreciation charge (Note 5)	-	4,766	3,814	-	109	645	9,334
Impairment charge (Note 8)	-	-	781	-	-	-	781
Disposals	-	-	(12)	-	(82)	-	(94)
Revaluation adjustments	-	(4,542)	-	-	-	-	(4,542)
End of financial year	-	-	39,184	-	172	3,309	42,665
Net book value							
End of financial year	**410,830**	**125,700**	**17,158**	**36,189**	**892**	**1,768**	**592,537**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

20. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold and leasehold land $'000	Freehold and leasehold buildings $'000	Plant, equipment, furniture and fittings $'000	Construction-in-progress $'000	Motor vehicles $'000	Other assets $'000	Total $'000
Group – 2013							
Cost or valuation							
Beginning of financial year							
Cost	-	-	40,864	8,737	1,083	3,190	53,874
Valuation	373,590	-	-	-	-	-	373,590
	373,590	-	40,864	8,737	1,083	3,190	427,464
Currency translation differences	(2,068)	(5,127)	(591)	(297)	-	(85)	(8,168)
Acquisition of businesses (Note 34)	43,255	126,605	12,936	240	-	2,000	185,036
Additions	-	-	996	14,629	-	32	15,657
Disposals	-	-	(14)	-	(48)	-	(62)
Transfers	-	-	322	(342)	(3)	(12)	(35)
Revaluation adjustments	5,579	324	-	-	-	-	5,903
End of financial year	420,356	121,802	54,513	22,967	1,032	5,125	625,795
Representing:							
Cost	-	-	54,513	22,967	1,032	5,125	83,637
Valuation	420,356	121,802	-	-	-	-	542,158
	420,356	121,802	54,513	22,967	1,032	5,125	625,795
Accumulated depreciation and impairment losses							
Beginning of financial year	-	-	32,635	-	85	2,205	34,925
Currency translation differences	-	(39)	(4)	-	-	(1)	(44)
Depreciation charge (Note 5)	-	766	2,140	-	108	485	3,499
Disposals	-	-	(14)	-	(48)	-	(62)
Revaluation adjustments	-	(727)	-	-	-	-	(727)
End of financial year	-	-	34,757	-	145	2,689	37,591
Net book value							
End of financial year	**420,356**	**121,802**	**19,756**	**22,967**	**887**	**2,436**	**588,204**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

20. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold and leasehold land $'000	Plant, equipment, furniture and fittings $'000	Construction-in-progress $'000	Motor vehicles $'000	Other assets $'000	Total $'000
Company – 2014						
Cost or valuation						
Beginning of financial year						
Cost	-	27,691	-	223	1,778	29,692
Valuation	367,263	-	-	-	-	367,263
	367,263	27,691	-	223	1,778	396,955
Additions	-	324	-	472	-	796
Disposals	-	(7)	-	(227)	-	(234)
Revaluation adjustments	(10,057)	-	-	-	-	(10,057)
End of financial year	357,206	28,008	-	468	1,778	387,460
Representing:						
Cost	-	28,008	-	468	1,778	30,254
Valuation	357,206	-	-	-	-	357,206
	357,206	28,008	-	468	1,778	387,460
Accumulated depreciation						
Beginning of financial year	-	23,471	-	39	1,772	25,282
Depreciation charge	-	1,026	-	45	2	1,073
Disposals	-	(3)	-	(48)	-	(51)
End of financial year	-	24,494	-	36	1,774	26,304
Net book value						
End of financial year	**357,206**	**3,514**	**-**	**432**	**4**	**361,156**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

20. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold and leasehold land $'000	Plant, equipment, furniture and fittings $'000	Construction-in-progress $'000	Motor vehicles $'000	Other assets $'000	Total $'000
Company – 2013						
Cost or valuation						
Beginning of financial year						
Cost	-	27,127	114	271	1,768	29,280
Valuation	364,000	-	-	-	-	364,000
	364,000	27,127	114	271	1,768	393,280
Additions	-	393	61	-	10	464
Disposals	-	(4)	-	(48)	-	(52)
Transfers	-	175	(175)	-	-	-
Revaluation adjustments	3,263	-	-	-	-	3,263
End of financial year	367,263	27,691	-	223	1,778	396,955
Representing:						
Cost	-	27,691	-	223	1,778	29,692
Valuation	367,263	-	-	-	-	367,263
	367,263	27,691	-	223	1,778	396,955
Accumulated depreciation						
Beginning of financial year	-	22,423	-	64	1,768	24,255
Depreciation charge	-	1,052	-	23	4	1,079
Disposals	-	(4)	-	(48)	-	(52)
End of financial year	-	23,471	-	39	1,772	25,282
Net book value						
End of financial year	**367,263**	**4,220**	**-**	**184**	**6**	**371,673**

Property, plant and equipment of the Group with carrying amounts $210,162,000 (2013: $126,924,000) are provided as security for bank borrowings (Note 23).

If the freehold and leasehold land and buildings of the Group and the Company stated at valuation were included in the financial statements at cost less accumulated depreciation, their net book values would have been $162,577,000 (2013: $173,713,000) and $2,183,000 (2013: $2,183,000) respectively.

Property, plant and equipment of the Group which an impairment charge of $781,000 (2013: Nil) was recognised belongs to the hospitality operations – Australia and New Zealand operating segment (Note 33).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

20. PROPERTY, PLANT AND EQUIPMENT (continued)

Valuation processes, techniques and inputs for Level 3 fair values

The Group engages external, independent and qualified valuers to determine the fair value of the Group's property, plant and equipment, on a triennial basis and whenever their carrying amounts are likely to differ materially from their revalued amounts, based on the properties' highest and best use. The following table presents the valuation techniques and key inputs that were used to determine the fair value which is categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at 31 December		Valuation technique(s)	Unobservable input(s) and range	Relationship of unobservable inputs to fair value
	2014	2013			
	$'000	$'000			
Freehold and leasehold land – Singapore	**357,205**	367,262	Sales comparison	Pre-adjusted comparable sales price – $3,711 to $6,792 (2013: $4,876 to $7,296) psf	The higher the comparable sales price, the higher the fair value
Freehold land – Malaysia	**11,721**	11,580	Sales comparison	Pre-adjusted comparable sales price – $833 to $1,418 (2013: $655 to $1,113) psf	The higher the comparable sales price, the higher the fair value
Freehold land and freehold and leasehold buildings – Australia	**167,604**	163,316	Discounted cash flow	Discount rate – 10.5% to 11.0% (2013: 11.0% to 11.5%)	The lower the discount rate, the higher the fair value
			Income capitalisation	Capitalisation rate – 8.3% to 8.8% (2013: 8.5% to 9.5%)	The lower the capitalisation rate, the higher the fair value
	536,530	542,158			

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

21. INTANGIBLE ASSETS

	Group	
	2014	2013
	$'000	$'000
Goodwill arising from acquisition of hospitality businesses (Note (a))	**58,271**	58,891
Hospitality lease and management agreements (Note (b))	**93,235**	97,016
	151,506	155,907

(a) Goodwill arising from acquisition of hospitality businesses

	Group	
	2014	2013
	$'000	$'000
Beginning of financial year	**58,891**	41,301
Acquisition of businesses (Note 34)	**-**	18,241
Currency translation differences	**(620)**	(651)
End of financial year	**58,271**	58,891

Impairment tests for goodwill

Goodwill is allocated to the Group's hospitality CGUs identified according to the business segments as follows:

	Group	
	2014	2013
	$'000	$'000
Management services – Singapore (Note (i))	**42,155**	42,155
Property ownership (Note (ii))	**16,116**	16,736
	58,271	58,891

(i) Management services – Singapore

The recoverable amount as at 31 December 2014 was determined based on value-in-use calculations. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management for the next financial year (2015) and extrapolated using the estimated average revenue growth rates stated below. The pre-tax discount rate and terminal growth rate used reflected specific risks relating to the CGU. The key assumptions used are as follows:

	2014
Average revenue growth rate from 2016 to 2019	**14.1%**
Terminal growth rate	**3.0%**
Pre-tax discount rate	**12.0%**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

21. INTANGIBLE ASSETS (continued)

(a) Goodwill arising from acquisition of hospitality businesses (continued)

(i) Management services – Singapore (continued)

The recoverable amount exceeded its carrying amount and the allocated goodwill was not impaired.

The recoverable amount as at 31 December 2013 was determined based on fair value less cost to sell which was estimated to be similar to the transacted price for the Business Transfer as described in Note 34. The recoverable amount exceeded the carrying amount and the allocated goodwill was not impaired.

(ii) Property ownership

The recoverable amount as at 31 December 2014 and 2013 were determined based on value-in-use calculations. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management for the next financial year and extrapolated using the budgeted net profit margin stated below. The pre-tax discount rate and terminal yield used reflected specific risks relating to the CGU. The key assumptions used are as follows:

	2014	2013
Budgeted net profit margin	**37.0%**	33.2%
Pre-tax discount rate	**10.4%**	11.0%
Terminal yield	**8.5%**	9.0%

The recoverable amount exceeded its carrying amount and the allocated goodwill was not impaired.

(b) Hospitality lease and management agreements

	Group	
	2014	2013
	$'000	$'000
Cost		
Beginning of financial year	**100,235**	89,060
Acquisition of businesses (Note 34)	**-**	11,175
End of financial year	**100,235**	100,235
Accumulated amortisation		
Beginning of financial year	**(3,219)**	(976)
Amortisation charge (Note 5) included within "Cost of sales" in profit or loss	**(3,781)**	(2,243)
End of financial year	**(7,000)**	(3,219)
Net book value	**93,235**	97,016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Current				
Trade payables:				
– related parties (Note 32(a))	**4,780**	5,185	**2,802**	2,830
– non-related parties	**9,301**	15,055	**974**	2,679
	14,081	20,240	**3,776**	5,509
Deferred income:				
– related parties (Note 32(a))	**6,802**	6,802	**6,802**	6,802
– non-related parties	**1,285**	724	**-**	-
	8,087	7,526	**6,802**	6,802
Other payables:				
– joint venture	**15,608**	9,428	**-**	-
– related parties (Note 32(a))	**-**	4	**-**	-
– non-controlling interest	**-**	1,225	**-**	-
– non-related parties	**398**	410	**-**	-
	16,006	11,067	**-**	-
Advances from:				
– subsidiaries	**-**	-	**-**	46,147
– associated company	**-**	1,963	**-**	-
– non-controlling interest	**66,507**	66,552	**-**	-
	66,507	68,515	**-**	46,147
Accrual for operating expenses	**18,871**	29,452	**4,781**	7,614
Deposits received	**3,339**	3,474	**265**	348
Interest payable	**517**	303	**-**	-
	22,727	33,229	**5,046**	7,962
	127,408	140,577	**15,624**	66,420

Other payables to joint venture, other related parties and non-controlling interest of the Group are unsecured, repayable on demand and interest-free, except for the advances from non-controlling interest of $66,348,000 (2013: $66,348,000) bear interest at a weighted average effective interest rate of 2.0% (2013: 2.0%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

22. TRADE AND OTHER PAYABLES (continued)

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Non-current				
Deferred income – related parties (Note 32(a))	**317,091**	323,888	**317,091**	323,888
Other payables – non-related parties	**19**	110	**-**	-
Deposits received	**1,289**	800	**-**	117
Advances from:				
– subsidiaries	**-**	-	**288,204**	251,840
– joint venture	**14,873**	116,962	**-**	-
– associated company	**1,503**	1,503	**-**	-
– non-controlling interest	**71,912**	60,002	**-**	-
	406,687	503,265	**605,295**	575,845

Deferred income from related parties refers to the unamortised portion of the proceeds from Far East Hospitality Trust for the Company's grant of a 50-year leasehold interest in the freehold and leasehold land of Orchard Parade Hotel to Far East Hospitality Trust.

The non-current advances from subsidiaries to the Company and the advances from joint venture, associated company and non-controlling interest of the Group are unsecured, interest-free and not repayable in the next 12 months except for the advances from non-controlling interest.

Advances from non-controlling interest are repayable at its nominal value, or convertible to shares of the subsidiary in whole or in part and in the same proportion as a similar loan from the Company to the same subsidiary, such that the Company's share of equity interest in the subsidiary does not change, at the rate of one share per $1 nominal value of the loan, upon the unanimous approval of the Company and the non-controlling interest. This advance is deemed as part of the non-controlling interest's net investment in the subsidiary as the non-controlling interest has no intention to demand repayment in the foreseeable future. These advances from non-controlling interest are not expected to be repayable within the next 12 months.

The fair values of non-current trade and other payables of the Group and the Company approximate their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

23. BORROWINGS

	Group	
	2014	2013
	$'000	$'000
Bank borrowings:		
– current	**86,264**	-
– non-current	**19,476**	89,415
	105,740	89,415

The non-current bank borrowings included the Group's share of joint operations' bank borrowings of $19,476,000 (2013: $23,629,000) which are secured over the Group's share of joint operations' development properties (Note 14). The remaining bank borrowings of the Group are secured over an investment property (Note 19) and certain property, plant and equipment (Note 20).

The bank borrowings of the Group are at variable rates and will be contractually repriced between one to three months from the balance sheet date.

The fair values of non-current borrowings of the Group approximate their carrying amounts.

24. PROVISIONS

	Group	
	2014	2013
	$'000	$'000
Onerous hospitality lease agreements:		
– current	**5,923**	8,268
– non-current	**12,706**	14,982
	18,629	23,250

A provision is recognised at the balance sheet date for the unavoidable costs of meeting the obligations under the hospitality lease agreement which exceeds the economic benefits expected to be received over the remaining contractual term.

The movements in the provisions for onerous hospitality lease agreements are as follows:

	Group	
	2014	2013
	$'000	$'000
Beginning of financial year	**23,250**	-
Acquisition of businesses (Note 34)	**-**	24,706
Provision made	**3,685**	-
Provision utilised	**(8,104)**	(1,517)
Currency translation differences	**(202)**	61
End of financial year	**18,629**	23,250

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

25. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Deferred income tax assets				
– To be recovered within one year	**1,307**	-	**-**	-
– To be recovered after one year	**106**	4,765	**-**	-
	1,413	4,765	**-**	-
Deferred income tax liabilities				
– To be settled within one year	**670**	693	**146**	130
– To be settled after one year	**26,811**	16,678	**402**	518
	27,481	17,371	**548**	648

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of approximately $41,109,000 (2013: $43,616,000) which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. These tax losses have no expiry date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

25. DEFERRED INCOME TAXES (continued)

The movements in deferred income tax liabilities and assets (prior to offsetting of balances within the same tax jurisdiction) are as follows:

Deferred income tax liabilities – Group

	Accelerated tax depreciation $'000	Revaluation gains – net $'000	Recognition of profits on percentage of completion $'000	Other $'000	Total $'000
Group – 2014					
Beginning of financial year	16,578	315	2,300	478	19,671
(Credited)/charged to:					
– profit or loss	(634)	2,570	3,799	924	6,659
– other comprehensive income (Note 27(i))	-	7,350	-	-	7,350
(Over)/under provision in prior financial years	-	-	(107)	255	148
Currency translation differences	-	(258)	-	(94)	(352)
End of financial year	**15,944**	**9,977**	**5,992**	**1,563**	**33,476**
Group – 2013					
Beginning of financial year	16,211	-	-	-	16,211
(Credited)/charged to:					
– profit or loss	(397)	-	2,300	478	2,381
– other comprehensive income (Note 27(i))	-	315	-	-	315
Acquisition of businesses (Note 34)	739	-	-	-	739
Under provision in prior financial years	25	-	-	-	25
End of financial year	**16,578**	**315**	**2,300**	**478**	**19,671**

25. DEFERRED INCOME TAXES (continued)

Deferred income tax assets – Group

	Tax losses $'000	Other $'000	Total $'000
Group – 2014			
Beginning of financial year	(6,930)	(135)	(7,065)
Credited to profit or loss	(586)	-	(586)
Over provision in prior financial years	214	-	214
Currency translation differences	-	29	29
End of financial year	**(7,302)**	**(106)**	**(7,408)**
Group – 2013			
Beginning of financial year	-	-	-
Acquired during the year	-	(141)	(141)
Credited to profit or loss	(6,930)	-	(6,930)
Currency translation differences	-	6	6
End of financial year	**(6,930)**	**(135)**	**(7,065)**

Deferred income tax liabilities – Company

	2014 $'000	2013 $'000
Accelerated tax depreciation		
Beginning of financial year	**648**	726
Credited to profit or loss	**(100)**	(78)
End of financial year	**548**	648

26. SHARE CAPITAL

	Group and Company			
	Number of shares		**Amount**	
	2014 '000	2013 '000	**2014 $'000**	2013 $'000
Beginning of financial year	**389,912**	377,143	**420,616**	394,612
Shares issued in-lieu of dividends	**10,675**	12,769	**19,001**	26,004
End of financial year	**400,587**	389,912	**439,617**	420,616

All issued ordinary shares are fully paid and there is no par value for these ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

27. REVALUATION AND OTHER RESERVES

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Capital reserve	**10,557**	10,557	**-**	-
Asset revaluation reserve	**345,023**	342,516	**329,629**	339,686
Currency translation reserve	**(14,055)**	(7,901)	**-**	-
Fair value reserve	**(625)**	(564)	**-**	-
Hedging reserve	**(897)**	(157)	**-**	-
	340,003	344,451	**329,629**	339,686

Capital reserve of the Group represents the difference between the non-controlling interest's share of the carrying amount of the business and the fair value of the consideration received by the Group when it transferred 30% out of the 100% held interest in the hospitality management business to the non-controlling interest in the preceding financial year (Note 34).

The movements for the other categories of reserves are as follows:

(i) Asset revaluation reserve

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**342,516**	336,423	**339,686**	336,423
Revaluation gains/(losses) (Note 20)	**7,102**	6,630	**(10,057)**	3,263
Share of joint venture's reserve (Note 17)	**7,978**	-	**-**	-
Tax charge relating to revaluation gains (Note 25)				
– joint venture	**(2,439)**	-	**-**	-
– subsidiary	**(4,911)**	(315)	**-**	-
Less: Non-controlling interest	**(5,223)**	(222)	**-**	-
End of financial year	**345,023**	342,516	**329,629**	339,686

(ii) Currency translation reserve

	Group	
	2014	2013
	$'000	$'000
Beginning of financial year	**(7,901)**	(2,238)
Net currency translation differences of financial statements of foreign subsidiaries and joint ventures	**2,316**	1,032
Net currency translation differences of advances designated as net investments in subsidiaries	**(11,275)**	(8,776)
Share of joint venture's reserve (Note 17)	**294**	(201)
Less: Non-controlling interest	**2,511**	2,282
	(14,055)	(7,901)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

27. REVALUATION AND OTHER RESERVES (continued)

(iii) Fair value reserve

	Group	
	2014	2013
	$'000	$'000
Beginning of financial year	**(564)**	-
Share of associated company's reserve (Note 16)	**(61)**	(564)
End of financial year	**(625)**	(564)

(iv) Hedging reserve

	Group	
	2014	2013
	$'000	$'000
Beginning of financial year	**(157)**	-
Fair value losses	**-**	5,814
Reclassification to investment in joint ventures (Note 17)	**-**	(5,814)
Share of joint venture's reserve (Note 17)	**(1,057)**	(225)
Less: Non-controlling interest	**317**	68
End of financial year	**(897)**	(157)

Revaluation and other reserves are non-distributable.

28. RETAINED PROFITS

Retained profits of the Group are distributable except for the accumulated retained profits from the share of results of joint ventures and associated companies amounting to $36,721,000 (2013: $29,802,000).

The movements for the retained profits of the Company are as follows:

	Company	
	2014	2013
	$'000	$'000
Beginning of financial year	**286,533**	301,181
Shares issued in-lieu of dividends (Note 29)	**(19,001)**	(16,140)
Dividends paid to shareholders in cash (Note 29)	**(4,392)**	(6,807)
Net profit	**40,147**	8,299
End of financial year	**303,287**	286,533

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

29. DIVIDENDS

	Company	
	2014	2013
	$'000	$'000
Ordinary dividends paid		
Final dividend paid in respect of the previous financial year of 6 cents (2013: 6 cents) using		
– new shares issued	**19,001**	16,140
– cash	**4,392**	6,807
	23,393	22,947

At the Annual General Meeting on 22 April 2015, a final dividend of 6 cents per share amounting to a total of $24,035,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2015.

30. COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Development properties	**7,055**	26,469	**-**	-
Investment in joint ventures	**76,303**	97,112	**-**	-
Property, plant and equipment	**5,128**	13,310	**793**	-
	88,486	136,891	**793**	-

(b) Operating lease commitments – where the Group is a lessee

The Group and the Company lease hotels, serviced residences and offices from related parties and non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

30. COMMITMENTS (continued)

(b) Operating lease commitments – where the Group is a lessee (continued)

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Not later than one year				
– related parties (Note 32(a))	**17,904**	17,767	**10,505**	10,340
– non-related parties	**16,862**	16,541	**-**	-
	34,766	34,308	**10,505**	10,340
Between one and five years				
– related parties (Note 32(a))	**68,544**	68,260	**40,284**	40,000
– non-related parties	**9,099**	19,066	**-**	-
	77,643	87,326	**40,284**	40,000
Later than five years				
– related parties (Note 32(a))	**215,085**	232,085	**126,521**	136,521
– non-related parties	**2,275**	4,466	**-**	-
	217,360	236,551	**126,521**	136,521
	329,769	358,185	**177,310**	186,861

Included in the above are commitments of the Group under non-cancellable lease rentals that relate to the fixed portion over the remaining tenure of the initial lease term due to related parties and non-related parties. In addition to the fixed portion, contingent rent determined based on a percentage of gross operating revenue and gross operating profits of these properties have also been committed.

(c) Operating lease commitments – where the Group is a lessor

The Group and Company lease out investment properties to related-parties and non-related parties under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Not later than one year				
– related parties (Note 32(a))	**117**	338	**117**	337
– non-related parties	**8,501**	6,077	**88**	129
	8,618	6,415	**205**	466
Between one and five years				
– related parties (Note 32(a))	**-**	117	**-**	117
– non-related parties	**14,336**	10,153	**-**	88
	14,336	10,270	**-**	205
Later than five years				
– non-related parties	**13,948**	944	**-**	-
	36,902	17,629	**205**	671

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

31. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Group's overall risk management objective is to effectively manage these risks and minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out by a team within the management of the Group.

(a) Market risk

(i) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets other than fixed deposits with banks, the Group's income is substantially independent of changes in market interest rates.

The Group's exposure to cash flow interest rate risks arises mainly from variable-rate borrowings (Note 23). The Company's exposure to cash flow interest rate risks arises mainly from variable-rate borrowings and advances from/ to subsidiaries at variable rates. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

The borrowings of the Group at variable rates are mainly denominated in Singapore Dollars ("SGD") and Australian Dollars ("AUD"). If the SGD interest rates had increased/decreased by 1.0% (2013: 1.8%) and AUD interest rates had increased/ decreased by 1.0% (2013: 1.8%) with all other variables including tax rate being held constant, the profit after tax of the Group would have been lower/higher by $162,000 (2013: $291,000) and $392,000 (2013: $593,000) respectively as a result of higher/lower interest expense on these borrowings.

(ii) Currency risk

The Group operates predominantly in Singapore, Australia, Malaysia and New Zealand. The entities within the Group transact in currencies other than their respective functional currencies ("foreign currencies"). Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Australian Dollar ("AUD"), Singapore Dollar ("SGD") and Malaysian Ringgit ("MYR"). Where such currency risk becomes significant, the Group considers the use of currency swaps and forwards to manage the risk.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations in Australia and Malaysia are managed through borrowings denominated in the relevant foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

31. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	AUD $'000	MYR $'000	Other $'000	Total $'000
At 31 December 2014					
Financial assets					
Cash and cash equivalents	79,887	17,169	19	1,311	98,386
Trade and other receivables	283,042	14,394	8	2,447	299,891
Intra-group receivables	159,542	43,954	-	66,171	269,667
	522,471	75,517	27	69,929	667,944
Financial liabilities					
Borrowings	(19,477)	(56,018)	(30,245)	-	(105,740)
Trade and other payables	(180,774)	(23,311)	(2,074)	(2,758)	(208,917)
Intra-group payables	(159,542)	(43,954)	-	(66,171)	(269,667)
	(359,793)	(123,283)	(32,319)	(68,929)	(584,324)
Net financial assets/(liabilities)	162,678	(47,766)	(32,292)	1,000	83,620
Less: Net financial assets/(liabilities) denominated in the respective entities' functional currencies	(322,252)	48,845	32,292	3,225	(237,890)
Net currency exposure	**(159,574)**	**1,079**	**-**	**4,225**	**(154,270)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

31. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Currency risk (continued)

	SGD $'000	AUD $'000	MYR $'000	Other $'000	Total $'000
At 31 December 2013					
Financial assets					
Cash and cash equivalents	239,024	24,513	18	1,420	264,975
Trade and other receivables	125,481	10,251	32	2,230	137,994
Intra-group receivables	156,385	11,678	-	-	168,063
	520,890	46,442	50	3,650	571,032
Financial liabilities					
Borrowings	(23,568)	(47,079)	(18,768)	-	(89,415)
Trade and other payables	(272,833)	(32,260)	(3,233)	(4,102)	(312,428)
Intra-group payables	(156,385)	(11,678)	-	-	(168,063)
	(452,786)	(91,017)	(22,001)	(4,102)	(569,906)
Net financial assets/(liabilities)	68,104	(44,575)	(21,951)	(452)	1,126
Less: Net financial assets/ (liabilities) denominated in the respective entities' functional currencies	(224,781)	45,836	21,951	766	(156,228)
Net currency exposure	**(156,677)**	**1,261**	**-**	**314**	**(155,102)**

If the AUD strengthened/weakened against the SGD by 5% (2013: 5%) with all other variables including tax rate being held constant, the Group's profit after tax for the financial year would have been $7,925,000 (2013: $7,771,000) higher/lower. The Company's business is not exposed to any significant foreign exchange risk as the majority of its financial assets and liabilities are denominated in Singapore Dollars.

For the financial year ended 31 December 2014, the Group's financial assets and liabilities denominated in other currencies include $62,608,000 of intra-group receivables and payables denominated in EUR.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits, trade receivables, advances to joint venture and deposits. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history and/or requiring deposits to be placed with the Group prior to provision of certain of its services. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group has no significant concentrations of credit risk and has in place credit policies and procedures to ensure on-going credit evaluation and active account monitoring.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet. In addition, the Company has off-balance sheet exposure to credit risk as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

31. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

	Company	
	2014	2013
	$'000	$'000
Corporate guarantees provided to banks on banking facilities of subsidiaries and joint ventures	**52,369**	56,868

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with reputable banks. Trade and other receivables, advances to joint ventures and deposits that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Past due 0 to 2 months	**4,816**	5,236	**498**	717
Past due 2 to 4 months	**545**	357	**18**	6
Past due over 4 months	**-**	144	**-**	-
	5,361	5,737	**516**	723

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Gross amount	**98**	92	**-**	-
Less: Allowance for impairment losses	**(98)**	(92)	**-**	-
	-	-	**-**	-
Beginning of financial year	**92**	-	**-**	-
Allowance written back	**(92)**	-	**-**	-
Allowance made	**98**	109	**-**	-
Allowance utilised	**-**	(17)	**-**	-
End of financial year	**98**	92	**-**	-

The impaired trade receivables arise mainly from sales to customers with significant delay in payments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

31. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, as well as the availability of funding through an adequate amount of committed credit facilities. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 12.

The Group and the Company manage the liquidity risk by maintaining sufficient cash to meet the normal operating commitments and having an adequate amount of committed credit facilities.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Group –				
At 31 December 2014				
Trade and other payables	119,321	17,686	-	71,910
Borrowings	88,923	19,569	-	-
	208,244	**37,255**	**-**	**71,910**
At 31 December 2013				
Trade and other payables	133,051	118,853	524	60,000
Borrowings	5,010	90,058	-	-
	138,061	208,911	524	60,000
Company –				
At 31 December 2014				
Trade and other payables	8,822	288,204	-	-
Financial guarantees for borrowings of subsidiaries and joint ventures	52,369	-	-	-
	61,191	**288,204**	**-**	**-**
At 31 December 2013				
Trade and other payables	59,618	251,840	117	-
Financial guarantees for borrowings of subsidiaries and joint ventures	56,868	-	-	-
	116,486	251,840	117	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

31. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. Consistent with how management monitors capital, the gearing ratio is calculated as total borrowings divided by total equity.

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Total borrowings	**105,740**	89,415	**-**	-
Total equity	**1,181,234**	1,152,200	**1,072,533**	1,046,835
Gearing ratio (%)	**9%**	8%	**-**	-

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2014 and 2013. The Company is not subject to any externally imposed capital requirements for the financial years ended 31 December 2014 and 2013.

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet, except for the following:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Loans and receivables	**398,277**	402,969	**702,679**	649,435
Financial liabilities at amortised cost	**314,657**	401,843	**297,026**	311,575

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

32. RELATED PARTY TRANSACTIONS

(a) Immediate and ultimate holding company and other related parties

The Company's immediate and ultimate holding company is Far East Organisation Pte Ltd, incorporated in Singapore. Other related parties comprise mainly companies which are controlled by the shareholders of the Company's ultimate holding company.

(b) Sales and purchases of goods and services

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

	Group	
	2014	2013
	$'000	$'000
Amounts billed to/(by) other related parties:		
– Administrative income	**261**	342
– Sale of goods and services	**878**	621
– Purchase of goods and services	**(510)**	(716)
Payments made on behalf for other related parties	**1,238**	624

Outstanding balances at 31 December 2014, arising from deposits, sale and purchase of goods and services are set out in Notes 13 and 22 respectively.

(c) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2014	2013
	$'000	$'000
Wages and salaries, including directors' fees	**4,003**	3,203
Employer's contribution to defined contribution plans, including Central Provident Fund	**35**	55
	4,038	3,258

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

33. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Group's chief operating decision maker ("CODM") that are used to make strategic decisions, allocate resources and assess performance.

The Group operates its hospitality business across three segments: (1) management services, (2) operations and (3) property ownership. The property ownership segment includes all the hospitality properties that are owned directly by the Group or through the Group's investment in joint ventures. As at 31 December 2014, the hospitality property ownership segment has 15 hospitality properties – ten in Australia, three in Germany, one in Denmark and one in Malaysia. The operations segment includes a total of 11 leased hospitality properties in Singapore, Australia and New Zealand. The management services segment includes all of the hospitality properties that the Group manages directly or through the Group's investment in Toga JV.

The Group manages its property business across two segments: (1) development and (2) investments. The development segment included all property development projects at various stages of development that are held through either joint ventures or joint operations. The investment segment included medical suites and some offices held for rentals or/and long-term capital appreciation.

The Group's investments segment relates to cash and cash equivalents and investments in equity shares in Singapore.

There are no revenues from transactions with a single external customer that accounts for 10 per cent or more of the Group's revenue for the financial years ended 31 December 2014 and 2013.

The segment information provided to the CODM for the reportable segments are as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

33. SEGMENT INFORMATION (continued)

	Hospitality				Property		Investments	Total
	Management services – Singapore	Operations – Singapore	Operations – Australia and New Zealand	Property ownership	Development	Investment		
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	**$'000**
2014								
Total segment sales	19,812	50,935	80,811	63,960	94,380	9,156	-	**319,054**
Inter-segment sales	(3,488)	(29)	-	-	-	-	-	**(3,517)**
Sales to external parties	**16,324**	**50,906**	**80,811**	**63,960**	**94,380**	**9,156**	**-**	**315,537**
Operating profit	4,566	3,026	(853)	13,159	24,081	6,108	-	**50,087**
Share of results of:								
– joint ventures	-	-	5,601	406	(210)	-	-	**5,797**
– associated companies	-	-	-	-	48	-	2,601	**2,649**
Total operating profit	**4,566**	**3,026**	**4,748**	**13,565**	**23,919**	**6,108**	**2,601**	**58,533**
Other gains – net								**3,634**
Corporate expenses								**(12,015)**
Acquisition-related costs								**(1,394)**
Profit before income tax								**48,758**
Income tax expense								**(13,279)**
Net profit								**35,479**
Segment assets	135,835	379,184	51,717	266,892	442,521	285,889	63,129	**1,625,167**
Investments in associated companies	-	-	-	-	1,894	-	6,530	**8,424**
Investments in joint ventures	-	-	187,574	34,151	19,382	-	-	**241,107**
Total assets	**135,835**	**379,184**	**239,291**	**301,043**	**463,797**	**285,889**	**69,659**	**1,874,698**

33. SEGMENT INFORMATION (continued)

	Hospitality				Property		Investments	Total
	Management services – Singapore	Operations – Singapore	Operations – Australia and New Zealand	Property ownership	Development	Investment		
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	**$'000**
2013								
Total segment sales	19,575	55,346	13,706	11,423	54,146	8,351	-	**162,547**
Inter-segment sales	(3,852)	(126)	-	-	-	-	-	**(3,978)**
Sales to external parties	**15,723**	**55,220**	**13,706**	**11,423**	**54,146**	**8,351**	**-**	**158,569**
Operating profit	2,148	3,019	730	2,012	13,989	5,200	-	**27,098**
Share of results of:								
– joint ventures	-	-	4,378	-	(258)	-	-	**4,120**
– associated companies	-	-	-	-	38	-	3,070	**3,108**
Total operating profit	**2,148**	**3,019**	**5,108**	**2,012**	**13,769**	**5,200**	**3,070**	**34,326**
Other gains – net								**11,004**
Corporate expenses								**(7,366)**
Acquisition-related costs								**(16,915)**
Profit before income tax								**21,049**
Income tax credit								**463**
Net profit								**21,512**
Segment assets	147,478	393,792	49,223	252,224	305,202	282,076	210,865	**1,640,860**
Investments in associated companies	-	-	-	-	3,822	-	3,990	**7,812**
Investments in joint ventures	-	-	149,566	-	132,601	-	-	**282,167**
Total assets	**147,478**	**393,792**	**198,789**	**252,224**	**441,625**	**282,076**	**214,855**	**1,930,839**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

34. SIGNIFICANT TRANSACTIONS DURING THE PRECEDING FINANCIAL YEAR

(a) Investment in joint venture

On 6 August 2013, the Group, through a subsidiary of Far East Hospitality Holdings Pte. Ltd. ("FEHH"), i.e., Far East Hospitality Investments (Australia) Pte Ltd ("FEHIA"), committed to subscribe to 50% of the total issued securities in Toga Hotel Holdings Unit Trust ("Toga JV") for a consideration of approximately A$210,084,000. As at 31 December 2014, the Group had partially paid up its commitment as follows:

Date	Consideration	Cumulative interest of FEHIA %	Cumulative effective interest of the Group %
6 August 2013	$146,992,000 (or A$124,000,000)	37	26
31 July 2014	$35,909,000 (or A$31,731,000)	43	30

The balance of the consideration is payable, in full or in part, when the Toga JV requires the funds. The Group's share of net profits and net assets in Toga Trust is proportionally adjusted to the extent that the securities are partially paid up.

(b) Acquisition of hospitality businesses

On 1 November 2013, the Group, through FEHH and its subsidiary, acquired the hospitality operations and property ownership businesses in Australia and New Zealand from The Straits Trading Company. A summary of the acquisition is as follows:

	2013 $'000
Fair value of identifiable net assets acquired	159,159
Goodwill allocated mainly to hospitality property ownership CGU	18,241
Fair value of consideration	**177,400**
Consideration paid in:	
– cash	76,180
– FEHH shares	101,220
Fair value of consideration	**177,400**
Consideration paid in cash	(76,180)
Cash in businesses acquired	14,160
Net cash outflow from acquisition of businesses	**(62,020)**

(c) Transfer of hospitality management business in Singapore

On 1 November 2013, Jelco Properties Pte Ltd, a wholly owned subsidiary transferred its hospitality management service business to a subsidiary of FEHH, i.e. Far East Hospitality Management (S) Pte. Ltd. ("FEHMS") for a consideration of $160,000,000 ("Business Transfer"). The Business Transfer is deemed to be a capital reorganisation with a dilution of interest in the hospitality management business. Accordingly, the assets and liabilities transferred were measured at their carrying amounts and a capital reserve of $10,557,000 was recognised as a result of this transaction with the non-controlling interest on 1 November 2013 (Note 27).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

34. SIGNIFICANT TRANSACTIONS DURING THE PRECEDING FINANCIAL YEAR (continued)

(d) Acquisition-related costs

The total costs of $16,915,000, including non-audit fees of $1,437,000 paid/payable to the auditors of the Company, were included within "Other expenses" in the consolidated statement of comprehensive income and within "Cash flows from operating activities" in the consolidated statement of cash flows.

35. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2015. The Group and Company do not expect that adoption of these accounting standards or interpretations will have a material impact on the Company's financial statements.

36. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Far East Orchard Limited on 27 March 2015.

37. LISTING OF SIGNIFICANT COMPANIES OF THE GROUP

Name of company	Principal activities	Country of business/ incorporation	Direct ownership interest held		Group effective ownership interest held	
			2014	2013	**2014**	2013
			%	%	**%**	%
Significant subsidiaries held by the Company						
Far East Hospitality Holdings Pte. Ltd.	Investment holding	Singapore	**70**	70	**70**	70
Jelco Properties Pte Ltd	Investment and sales of properties	Singapore	**100**	100	**100**	100
OPH Marymount Limited	Property development	Singapore	**100**	100	**100**	100
Significant subsidiaries held by Far East Hospitality Holdings Pte. Ltd.						
Far East Hospitality Properties (Australia) Pte. Ltd.	Investment holding	Singapore	**100**	100	**70**	70
Far East Hospitality Investments (Australia) Pte. Ltd.	Investment holding	Singapore	**100**	100	**70**	70
Significant joint venture held by:						
– Far East Hospitality Investments (Australia) Pte. Ltd.						
Toga Hotel Holdings Unit Trust	Ownership and management of hospitality properties	Australia	**43**	37	**30**	26
– OPH Orion Limited, a wholly-owned subsidiary						
Orwin Development Limited	Property development	Singapore	**60**	60	**60**	60
Significant associated company held by the Company						
FEO Hospitality Asset Management Pte. Ltd.	REIT Manager of Far East Hospitality Trust	Singapore	**33**	33	**33**	33

STATISTICS OF SHAREHOLDINGS

As at 9 March 2015

Issued and fully paid-up capital:	S$439,616,660.57
Number of shares issued:	400,587,031
Class of shares :	Ordinary shares fully paid
Voting rights:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 - 99	282	5.25	7,876	0.00
100 - 1,000	579	10.78	406,528	0.10
1,001 - 10,000	3,298	61.39	15,289,658	3.82
10,001 - 1,000,000	1,194	22.23	46,764,747	11.67
1,000,001 and above	19	0.35	338,118,222	84.41
Total	5,372	100.00	400,587,031	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	FAR EAST ORGANISATION PTE LTD	239,770,297	59.85
2.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	20,553,641	5.13
3.	ESTATE OF KHOO TECK PUAT, DECEASED	10,543,400	2.63
4.	CITIBANK NOMINEES SINGAPORE PTE LTD	10,175,658	2.54
5.	THE BANK OF EAST ASIA (NOMINEES) PRIVATE LIMITED	9,060,424	2.26
6.	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	8,916,800	2.23
7.	DAIWA (MALAYA) PRIVATE LIMITED	6,731,200	1.68
8.	PARAMOUNT ASSETS INVESTMENTS PTE LTD	5,136,293	1.28
9.	DBS NOMINEES (PRIVATE) LIMITED	5,096,481	1.27
10.	RAFFLES NOMINEES (PTE) LIMITED	4,987,215	1.24
11.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,843,746	0.71
12.	LEE PINEAPPLE COMPANY PTE LTD	2,842,696	0.71
13.	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,498,855	0.62
14.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,330,154	0.58
15.	HOTEL HOLDINGS (PRIVATE) LTD	1,699,600	0.42
16.	UOB KAY HIAN PRIVATE LIMITED	1,491,200	0.37
17.	HEXACON CONSTRUCTION PTE LTD	1,230,905	0.31
18.	BANK OF SINGAPORE NOMINEES PTE. LTD.	1,106,457	0.28
19.	GOODWOOD PARK HOTEL LTD	1,103,200	0.28
20.	PHILLIP SECURITIES PTE LTD	975,227	0.24
	Total	339,093,449	84.63

STATISTICS OF SHAREHOLDINGS

As at 9 March 2015

SUBSTANTIAL SHAREHOLDERS

(as shown in the Register of Substantial Shareholders)

Name	Direct Interest	%	Deemed Interest	%
Far East Organisation Pte Ltd	239,770,297	59.85	-	-
The Estate of Khoo Teck Puat, deceased(1)	10,543,400	2.63	10,407,600	2.60
Tan Kim Choo(2)	224,659	0.06	239,770,297	59.85
The Estate of Ng Teng Fong, deceased(3)	-	-	239,770,297	59.85

Notes:

(1) The Estate of Khoo Teck Puat, deceased, is deemed to be interested in the shares held by Daiwa (Malaya) Private Limited, Goodwood Park Hotel Limited, Hotel Holdings (Private) Limited, Industrial Syndicate (Private) Ltd and Luxor Hotel Limited.

(2) Mdm Tan Kim Choo is deemed to be interested in the shares of the Company held by Far East Organisation Pte Ltd ("FEO") through her 50% shareholding in the issued share capital of FEO.

(3) The Estate of Ng Teng Fong, deceased, is deemed to be interested in the shares of the Company held by FEO through the Estate's 50% shareholding in the issued share capital of FEO.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

Based on the information provided to the Company as at 9 March 2015, approximately 34.84% of the issued share capital of the Company was held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

FAR EAST ORCHARD LIMITED
(Incorporated in the Republic of Singapore) (Registration No: 196700511H)

NOTICE IS HEREBY GIVEN that the Forty-seventh Annual General Meeting of Far East Orchard Limited (the "Company") will be held at Antica Ballroom, Level 2, Orchard Parade Hotel, 1 Tanglin Road, Singapore 247905 on Wednesday, 22 April 2015 at 11:00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Independent Auditor thereon. **(Resolution 1)**

2. To declare a first and final one-tier tax exempt dividend of S$0.06 per ordinary share for the financial year ended 31 December 2014. **(Resolution 2)**

3. To approve the sum of up to S$540,000 as Directors' fees for the financial year ending 31 December 2015, to be paid quarterly in arrears. **(Resolution 3)**

4. To re-elect Mr Lui Chong Chee, a Director retiring pursuant to Article 101 of the Company's Articles of Association. (See Note (1)) **(Resolution 4)**

5. To note the retirement of Mr Kiong Kim Hock Arthur, a Director retiring by rotation pursuant to Article 96 of the Company's Articles of Association, who has decided not to seek re-election. (See Note (2))

6. To note the retirement of Mdm Tan Siok Hwee, a Director retiring by rotation pursuant to Article 96 of the Company's Articles of Association, who has decided not to seek re-election. (See Note (3))

7. To re-appoint Mr Cheng Hong Kok as a Director of the Company pursuant to Section 153(6) of the Companies Act (Chapter 50) of Singapore, to hold such office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. (See Note (4)) **(Resolution 5)**

8. To re-appoint Ms Chua Kheng Yeng, Jennie as a Director of the Company pursuant to Section 153(6) of the Companies Act (Chapter 50) of Singapore, to hold such office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. (See Note (5)) **(Resolution 6)**

9. To re-appoint PricewaterhouseCoopers LLP as Independent Auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

10. To transact any other ordinary business that may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

11. Authority to allot and issue shares

"That pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore (***Act***) and the Listing Manual of the Singapore Exchange Securities Trading Limited (***SGX-ST***), authority be and is hereby given to the Directors of the Company to:

(a) (i) issue 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) warrants, debentures or other instruments convertible or exchangeable into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

FAR EAST ORCHARD LIMITED

(Incorporated in the Republic of Singapore) (Registration No: 196700511H)

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding any treasury shares, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued Shares (excluding treasury shares, if any) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares, if any) shall be based on the total number of issued Shares (excluding treasury shares, if any) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Act and the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier." **(Resolution 8)**

12. Proposed Renewal Of The Shareholders' Mandate For Interested Person Transactions

"That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its Subsidiaries and Associated Companies or any of them to enter into any of the transactions falling within the types of the Interested Person Transactions, particulars of which are set out in the Appendix to this Notice of Annual General Meeting, with any party who is of the class of Interested Persons described in the Appendix to this Notice of Annual General Meeting, provided that such transactions are in accordance with the review procedures for Interested Person Transactions as set out in the Appendix to this Notice of Annual General Meeting;

(b) the approval given in sub-paragraph (a) above (the "**Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier; and

(c) the Directors of the Company be and is hereby authorised, jointly or severally, to take such steps and exercise such discretion as the Directors of the Company may in their absolute discretion deem fit, advisable or necessary or in the interest of the Company to give effect to the Mandate and/or this Resolution." **(Resolution 9)**

BY ORDER OF THE BOARD

CHWEE CHONG FOON
MADELYN KWANG YEIT LAM
Company Secretaries

Singapore,
7 April 2015

NOTICE OF ANNUAL GENERAL MEETING

FAR EAST ORCHARD LIMITED
(Incorporated in the Republic of Singapore) (Registration No: 196700511H)

Notes:

(i) A member of the Company entitled to attend and vote at the above Meeting may appoint not more than two proxies to attend and vote in his/her stead.

(ii) Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

(iii) If the member is a corporation, the instrument appointing the proxy must be under its common seal or under the hand of its attorney.

(iv) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 1 Tanglin Road #05-01, Orchard Parade Hotel, Singapore 247905 not less than 48 hours before the time appointed for holding the above Meeting.

Explanatory Notes:

(1) **Ordinary Resolution 4** is to re-elect Mr Lui Chong Chee (who was appointed on 1 September 2014) pursuant to Article 101 of the Company's Articles of Association and if he is re-elected, he is considered an Executive Director.

(2) Mr Kiong Kim Hock Arthur will retire as a Director of the Company at the conclusion of the 47th Annual General Meeting.

(3) Mdm Tan Siok Hwee will retire as a Director of the Company at the conclusion of the 47th Annual General Meeting.

(4) **Ordinary Resolution 5** is to re-appoint Mr Cheng Hong Kok pursuant to Section 153(6) of the Companies Act (Chapter 50), to hold such office from the date of this Annual General Meeting until the next Annual General Meeting of the Company, and if he is re-appointed, he will remain as the Chairman of the Audit & Risk Committee and a member of the Remuneration Committee. Mr Cheng is considered an Independent Director for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

(5) **Ordinary Resolution 6** is to re-appoint Ms Chua Kheng Yeng, Jennie pursuant to Section 153(6) of the Companies Act (Chapter 50), to hold such office from the date of this Annual General Meeting until the next Annual General Meeting of the Company, and if she is re-appointed, she will remain as a member of the Audit & Risk Committee and a member of the Nominating Committee. Ms Chua is considered an Independent Director for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

(6) **Ordinary Resolution 8**, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to allot and issue shares and to make or grant instruments convertible into shares in the capital of the Company for such purposes as they consider would be in the interest of the Company, provided that the aggregate number of shares which may be issued (including shares to be issued pursuant to convertibles) under this Resolution shall not exceed 50% of the issued shares (excluding treasury shares, if any) in the capital of the Company, of which not more than 20% may be issued other than on a pro-rata basis. The total number of shares which may be issued will be calculated based on the total number of issued shares (excluding treasury shares, if any) in the capital of the Company at the time this Resolution is passed after adjusting for (a) new shares arising from the conversion or exercise of convertible securities or employee share options on issue at the time this Resolution is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares. This authority will, unless previously revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

(7) **Ordinary Resolution 9**, if passed, will renew the Mandate and empower the Company, its subsidiaries and associated companies, to enter into the Interested Persons Transactions as described in the Appendix to this Notice of Annual General Meeting. The authority under the renewed Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting is required by law to be held, whichever is the earlier.

PERSONAL DATA PRIVACY

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

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FAR EAST ORCHARD LIMITED
(Incorporated in the Republic of Singapore)
(Registration No: 196700511H)

IMPORTANT
For investors who have used their CPF monies to buy Far East Orchard Limited shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY.** 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. CPF investors who wish to attend the Annual General Meeting ("Meeting") as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

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 7 April 2015.

Proxy Form
ANNUAL GENERAL MEETING

I/We ____

of ____

being a member/members of Far East Orchard 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 whom, Chairman of the Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf at the Forty-seventh Annual General Meeting ("AGM") of the Company to be held on Wednesday, 22 April 2015 at 11:00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Resolutions	For*	Against*
Ordinary Business			
1.	Adoption of Audited Financial Statements together with the Reports of Directors and Independent Auditor for the financial year ended 31 December 2014		
2.	Payment of first and final tax-exempt dividend		
3.	Approval of Directors' fees for the sum of up to S$540,000 for the financial year ending 31 December 2015		
4.	Re-election of Mr Lui Chong Chee as a Director		
5.	Re-appointment of Mr Cheng Hong Kok as a Director		
6.	Re-appointment of Ms Chua Kheng Yeng, Jennie as a Director		
7.	Re-appointment of PricewaterhouseCoopers LLP as Independent Auditor		
Special Business			
8.	Authority to allot and issue shares		
9.	Proposed renewal of the shareholders' mandate for Interested Person Transactions		

* Please indicate your vote "For" or "Against" with a tick (√) within the box provided.

Dated this __________ day of ________________ 2015.

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

____
Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Affix
Postage
Stamp

Company Secretary
Far East Orchard Limited
1 Tanglin Road
#05-01 Orchard Parade Hotel
Singapore 247905

Fold along dotted line

Fold along dotted line

Notes:

1. A member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
2. Where a member appoints two proxies, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.
3. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by the member.
4. This proxy form must be deposited at the Company's registered office at 1 Tanglin Road #05-01, Orchard Parade Hotel, Singapore 247905 not less than 48 hours before the time set for the AGM.
5. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy or proxies, failing which the instrument may be treated as invalid.

General

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

FAR EAST ORCHARD LIMITED

A MEMBER OF FAR EAST ORGANIZATION

Registration No. 196700511H
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