IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS

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Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the securities, investors must not be a U.S. person (within the meaning of Regulation S under the Securities Act (as defined below)). The attached information memorandum is being sent at your request and by accepting the e-mail and accessing the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the United States ("**U.S.**") nor a U.S. person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") nor are you acting on behalf of a U.S. person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this document, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor as defined under Section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), a relevant person as defined under Section 275(2) of the SFA or persons to whom an offer as referred to in Section 275(1A) of the SFA is being made, and (B) agree to be bound by the limitations and restrictions described herein.

The attached document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Hong Fok Corporation Limited (the "**Issuer**"), The Hongkong and Shanghai Banking Corporation Limited, Oversea-Chinese Banking Corporation Limited or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. **We will provide a hard copy version to you upon request.**

Restrictions: The attached document is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described therein.

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Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, The Hongkong and Shanghai Banking Corporation Limited or Oversea-Chinese Banking Corporation Limited to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act).

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession this information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS document, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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HONG FOK CORPORATION LIMITED

(Incorporated in the Republic of Singapore on 15 December 1967)
(Unique Entity Number: 196700468N)

S$600,000,000
Multicurrency Debt Issuance Programme
(the "Programme")

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "**Notes**") and perpetual securities (the "**Perpetual Securities**" and together with the Notes, the "**Securities**") to be issued from time to time by Hong Fok Corporation Limited (the "**Issuer**") pursuant to the Programme may not be circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of the Programme and application will be made to the SGX-ST for permission to deal in and the quotation for any Securities which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Securities have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies (if any), the Programme or such Securities.

Potential investors should pay attention to the risk factors and considerations set out in the section "Risk Factors".

Arrangers

HSBC OCBC Bank

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NOTICE

The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited (the "**Arrangers**") have been authorised by Hong Fok Corporation Limited (the "**Issuer**") to arrange the S$600,000,000 Multicurrency Debt Issuance Programme (the "**Programme**") described herein. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes (the "**Notes**") and perpetual securities (the "**Perpetual Securities**", and together with the Notes, the "**Securities**") denominated in Singapore dollars and/or any other currencies.

This Information Memorandum contains information with regard to the Issuer, its subsidiaries and the Programme. The Issuer, having made all reasonable enquiries, confirms that this Information Memorandum contains all information with regard to the Issuer and its subsidiaries, the Programme and the Securities which is material in the context of the Programme and the issue and offering of the Securities, that all such information contained herein is true and accurate in all material respects, that the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered, and that there are no other facts the omission of which in the context of the Programme and the issue and offering of the Securities would make any such information or expressions of opinion, expectation or intention misleading in any material respect.

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any annual reports or summary financial statements or audited consolidated accounts or unaudited interim results of the Issuer and its subsidiaries and associated companies (if any) and (2) any supplement or amendment to this Information Memorandum issued by the Issuer. This Information Memorandum is to be read in conjunction with (a) all such documents which are incorporated by reference herein and (b) with respect to any series or tranche of Securities, any Pricing Supplement (as defined herein) in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Issuing and Paying Agent (as defined herein).

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than variable rate notes (as described under the section "Summary of the Programme")) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer form or registered form and may be listed on a stock exchange. Each series or tranche of Notes may initially be represented by a Temporary Global Security (as defined herein) in bearer form, a Permanent Global Security (as defined herein) in bearer form or a registered Global Certificate (as defined herein) which will be deposited on the relevant issue date with or registered in the name of, or in the name of a nominee of, either CDP (as defined herein) or a common depositary for Euroclear (as defined herein) and/or Clearstream, Luxembourg (as defined herein) and/or any other clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security, Definitive Securities or Certificates (as defined herein) (as indicated in the applicable Pricing Supplement). Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s) (as defined herein) and may be subject to redemption or purchase in whole or in part. The Notes will bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer. The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement issued in relation to each series or tranche of Notes. Details applicable to each series or tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

Perpetual Securities may be issued in series having one or more issue dates and on identical terms (including as to listing) except for the issue dates, issue prices and/or the dates of the first payment of distribution. Each series may be issued in one or more tranches on the same or different issue dates. The Perpetual Securities will be issued in bearer form or registered form and may be listed on a stock exchange. Each series or tranche of Perpetual Securities will initially be represented by either a Temporary Global Security in bearer form or a Permanent Global Security in bearer form or a registered Global Certificate which will be deposited on the relevant issue date with or registered in the name of, or in the name of a nominee of, either CDP or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security, Definitive Securities or Certificates (as indicated in the applicable Pricing Supplement). Subject to compliance with all relevant laws, regulations and directives, the Perpetual Securities may be subject to redemption or purchase in whole or in part. The Perpetual Securities may confer a right to receive distributions at a fixed or floating rate. Details applicable to each series or tranche of Perpetual Securities will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

On the date of the establishment of the Programme, the maximum aggregate principal amount of the Securities to be issued, when added to the aggregate principal amount of all Securities outstanding (as defined in the Trust Deed referred to herein) was S$300,000,000 (or its equivalent in any other currencies) or such higher amount as may be increased pursuant to the terms of the Programme Agreement (as defined herein). On 3 October 2014, the maximum aggregate principal amount of the Securities which may be issued from time to time pursuant to the Programme, when added to the aggregate principal amount of all Securities outstanding, has been increased from S$300,000,000 to S$600,000,000.

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, either of the Arrangers or any of the Dealers. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or any of its subsidiaries or associated companies (if any). Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, either of the Arrangers or any of the Dealers to subscribe for or purchase, the Securities in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful or not authorised, or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Securities in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Securities have not been, and will not be, registered under the Securities Act (as defined herein) and are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Securities may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.

Neither this Information Memorandum nor any other document nor information (or any part thereof) delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, either of the Arrangers or any of the Dealers to subscribe for or purchase, any of the Securities.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Securities have been prepared solely for the purpose of the initial sale by the relevant Dealers of the Securities from time to time to be issued pursuant to the Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA (as defined herein) and may not be relied upon by any person other than persons to whom the Securities are sold or with whom they are placed by the relevant Dealers as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) or the issue, offering, purchase or sale of the Securities shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer or any of its subsidiaries or associated companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

None of the Issuer, either of the Arrangers, any of the Dealers or any of their respective officers or employees is making any representation or warranty expressed or implied as to the merits of the Securities or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries or associated companies (if any). Further, neither the Arrangers or the Dealers gives any representation or warranty as to the Issuer, its subsidiaries or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, either of the Arrangers or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Securities. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer, its subsidiaries and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer. Accordingly, notwithstanding anything herein, none of the Issuer, either of the Arrangers, any of the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Securities by a recipient of this Information Memorandum or such other document or information (or such part thereof).

To the fullest extent permitted by law, none of the Arrangers or the Dealers accepts any responsibility for the contents of this Information Memorandum or for any other statement made or purported to be made by either of the Arrangers or any of the Dealers or on its behalf in connection with the Issuer, or the issue and offering of the Securities. Each Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

Any purchase or acquisition of the Securities is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement and the issue of the Securities by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Securities or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, either of the Arrangers or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Securities are not issued by the Issuer pursuant to the Programme Agreement.

Any discrepancies (if any) in the tables included herein between the listed amounts and totals thereof are due to rounding.

The attention of recipients of this Information Memorandum is drawn to the restrictions on the resale of the Securities set out under the section "Subscription, Purchase and Distribution".

Any person who is invited to purchase or subscribe for the Securities or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Securities or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase any of the Securities consult their own legal and other advisers before purchasing or acquiring the Securities.

Prospective purchasers of the Securities are advised to consult their own tax advisers concerning the tax consequences of the acquisition, ownership or disposition of the Securities.

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer and/or the Group, if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others:

- changes in general political, social and economic conditions;
- changes in currency exchange and interest rates;
- demographic changes;
- changes in competitive conditions; and
- other factors beyond the control of the Issuer and the Group.

Some of these factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, the discussion under the section "Risk Factors".

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer and/or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuer, the Arrangers and the Dealers do not represent or warrant that the actual future results, performance or achievements of the Issuer and/or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Securities by the Issuer shall, under any circumstances, constitute a continuing representation, or create any suggestion or implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer, any of the subsidiaries or associated companies (if any) of the Issuer or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Issuer, the Group, the Arrangers and the Dealers disclaim any responsibility and undertake no obligation to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

"**Agency Agreement**"	:	The Agency Agreement dated 12 December 2012 made between (1) the Issuer, as issuer, (2) the CDP Issuing and Paying Agent, as issuing and paying agent in respect of Securities that are cleared through CDP, (3) the Euroclear and Clearstream Issuing and Paying Agent, as issuing and paying agent in respect of Securities that are cleared through Euroclear and/or Clearstream, Luxembourg, (4) the CDP Agent Bank, as agent bank in respect of Securities that are cleared through CDP, (5) the Euroclear and Clearstream Agent Bank, as agent bank in respect of Securities that are cleared through Euroclear and/or Clearstream, Luxembourg and (6) the Trustee, as trustee, as amended and restated by an agency amendment and restatement agreement dated 3 October 2014 made between (1) the Issuer, as issuer, (2) (in respect of Securities that are cleared through CDP) the CDP Issuing and Paying Agent, the CDP Agent Bank, the CDP Registrar and the CDP Transfer Agent, (3) (in respect of Securities that are cleared through Euroclear and/or Clearstream, Luxembourg) the Euroclear and Clearstream Issuing and Paying Agent, the Euroclear and Clearstream Agent Bank, the Euroclear and Clearstream Registrar and the Euroclear and Clearstream Transfer Agent, and (4) the Trustee, as trustee, and as further amended, modified or supplemented from time to time
"**Agent Bank**"	:	(in relation to any Series or Tranche of Securities that are cleared through CDP) the CDP Agent Bank and (in relation to any Series or Tranche of Securities that are cleared through Euroclear and/or Clearstream, Luxembourg) the Euroclear and Clearstream Agent Bank, or such other or further institutions as may from time to time be appointed by the Issuer as agent bank for the Securities and Coupons
"**Arrangers**"	:	The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited
"**Bearer Securities**"	:	Securities in bearer form
"**Board**"	:	The board of Directors of the Issuer
"**Business Day**"	:	(1) (in the context of Securities denominated in Singapore Dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and (in the case of the Euroclear and Clearstream Issuing and Paying Agent, Euroclear and Clearstream Agent Bank, Euroclear and Clearstream Registrar or Euroclear and Clearstream Transfer Agent) Hong Kong; (2) (in the context of Securities denominated in euro) a day on which the TARGET System is open for settlement of payment in euro and in Hong Kong; and

		(3) (in the context of Securities denominated in a currency other than Singapore Dollars and euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets are open for business in Singapore and (in the case of the Euroclear and Clearstream Issuing and Paying Agent, Euroclear and Clearstream Agent Bank, Euroclear and Clearstream Registrar or Euroclear and Clearstream Transfer Agent) Hong Kong and the principal financial centre for that currency
"**CDP**"	:	The Central Depository (Pte) Limited
"**CDP Agent Bank**"	:	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch
"**CDP Issuing and Paying Agent**"	:	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch
"**CDP Registrar**"	:	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch
"**CDP Transfer Agent**"	:	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch
"**CEO**"	:	The chief executive officer of the Group
"**Certificate**"	:	A registered certificate representing one or more Registered Securities of the same Series and, save as provided in the Conditions of the Notes or, as the case may be, the Conditions of the Perpetual Securities, comprising the entire holding by a holder of Registered Securities of that Series
"**Clearstream, Luxembourg**"	:	Clearstream Banking, *société anonyme,* and includes a reference to its successors and permitted assigns
"**Companies Act**" or "**Act**"	:	The Companies Act (Chapter 50 of Singapore), as amended or modified from time to time
"**Conditions**"	:	(1) in relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Security or a Global Certificate, by the provisions of such Global Security or Global Certificate, and which shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading "Terms and Conditions of the Notes" as set out in Part III of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly; and

		(2) in relation to the Perpetual Securities of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 5 to the Trust Deed, as modified, with respect to any Perpetual Securities represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, and which shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Perpetual Securities of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading "Terms and Conditions of the Perpetual Securities" as set out in Part III of Schedule 5 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly
"**Couponholders**"	:	The holders of the Coupons
"**Coupons**"	:	The bearer coupons appertaining to an interest or distribution bearing Bearer Security
"**Dealers**"	:	Persons appointed as dealers under the Programme
"**Definitive Security**"	:	A definitive Bearer Security having, where appropriate, Coupons and/or a Talon attached on issue
"**Directors**"	:	The directors (including alternate directors, if any) of the Issuer as at the date of this Information Memorandum
"**EBIT**"	:	Earnings before interest and tax
"**EBITDA**"	:	Earnings before interest, tax, depreciation and amortisation
"**euro**"	:	The lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from the time to time
"**Euroclear**"	:	Euroclear Bank S.A./N.V., and includes a reference to its successors and permitted assigns
"**Euroclear and Clearstream Agent Bank**"	:	The Hongkong and Shanghai Banking Corporation Limited
"**Euroclear and Clearstream Issuing and Paying Agent**"	:	The Hongkong and Shanghai Banking Corporation Limited
"**Euroclear and Clearstream Registrar**"	:	The Hongkong and Shanghai Banking Corporation Limited

"**Euroclear and Clearstream Transfer Agent**"	:	The Hongkong and Shanghai Banking Corporation Limited
"**FY**"	:	Financial year ended 31 December
"**Global Certificate**"	:	A Certificate representing Registered Securities of one or more Tranches of the same Series that are registered in the name of, or in the name of a nominee of, (1) CDP, (2) a common depositary for Euroclear and/or Clearstream, Luxembourg and/or (3) any other clearing system
"**Global Security**"	:	A global Security representing Bearer Securities of one or more Tranches of the same Series, being a Temporary Global Security and/or, as the context may require, a Permanent Global Security, in each case without Coupons or a Talon
"**Group**"	:	The Issuer and its subsidiaries
"**IRAS**"	:	The Inland Revenue Authority of Singapore
"**Issuer**"	:	Hong Fok Corporation Limited
"**Issuing and Paying Agent**"	:	(in relation to any Series or Tranche of Securities that are cleared through CDP) the CDP Issuing and Paying Agent and (in relation to any Series or Tranche of Securities that are cleared through Euroclear and/or Clearstream, Luxembourg) the Euroclear and Clearstream Issuing and Paying Agent, or such other or further institutions as may from time to time be appointed by the Issuer as issuing and paying agent for the Securities and Coupons
"**ITA**"	:	The Income Tax Act (Chapter 134 of Singapore), as amended or modified from time to time
"**Latest Practicable Date**"	:	19 September 2014
"**MAS**"	:	The Monetary Authority of Singapore
"**MRT**"	:	The Mass Rapid Transit
"**Noteholders**"	:	The holders of the Notes
"**Notes**"	:	The notes to be issued by the Issuer under the Programme and constituted by the Trust Deed
"**Paying Agents**"	:	The Issuing and Paying Agent and any other paying agents that may be appointed
"**Permanent Global Security**"	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Security
"**Perpetual Securities**"	:	The perpetual securities to be issued by the Issuer under the Programme and constituted by the Trust Deed

"**Pricing Supplement**"	:	In relation to a Series or Tranche, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such Series or, as the case may be, Tranche
"**Programme**"	:	The S$600,000,000 Multicurrency Debt Issuance Programme of the Issuer as described in this Information Memorandum
"**Programme Agreement**"	:	The Programme Agreement dated 12 December 2012 made between (1) the Issuer, as issuer, and (2) The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited, as arrangers and dealers, as amended and restated by a programme amendment and restatement agreement dated 3 October 2014 made between the same parties and as further amended, modified or supplemented from time to time
"**Registered Securities**"	:	Securities in registered form
"**Registrar**"	:	(in relation to any Series or Tranche of Securities that are cleared through CDP) the CDP Registrar and (in relation to any Series or Tranche of Securities that are cleared through Euroclear and/or Clearstream, Luxembourg) the Euroclear and Clearstream Registrar, or such other or further institutions as may from time to time be appointed by the Issuer as registrar for the Securities
"**Securities**"	:	The Notes and the Perpetual Securities
"**Securities Act**"	:	Securities Act of 1933 of the United States, as amended or modified from time to time
"**Securityholders**"	:	The Noteholders and the Perpetual Securityholders
"**Senior Perpetual Securities**"	:	Perpetual Securities which are expressed to rank as senior obligations of the Issuer
"**Series**"	:	(1) (in relation to Securities other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest; and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest
"**SFA**"	:	Securities and Futures Act (Chapter 289 of Singapore), as amended or modified from time to time
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shareholders**"	:	Shareholders of the Issuer

"**Shares**"	:	Ordinary shares in the capital of the Issuer
"**Subordinated Perpetual Securities**"	:	Perpetual Securities which are expressed to rank as subordinated obligations of the Issuer
"**subsidiary**"	:	Any company which is for the time being a subsidiary (within the meaning of Section 5 of the Companies Act)
"**Talons**"	:	Talons for further Coupons
"**TARGET System**"	:	The Trans-European Automated Real Time Gross settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto
"**Temporary Global Security**"	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series on issue
"**Tranche**"	:	Securities which are identical in all respects (including listing)
"**Transfer Agent**"	:	(in relation to any Series or Tranche of Securities that are cleared through CDP) the CDP Transfer Agent and (in relation to any Series or Tranche of Securities that are cleared through Euroclear and/or Clearstream, Luxembourg) the Euroclear and Clearstream Transfer Agent, or such other or further institutions as may from time to time be appointed by the Issuer as transfer agent for the Securities
"**Trust Deed**"	:	The Trust Deed dated 12 December 2012 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as amended and restated by an amendment and restatement trust deed dated 3 October 2014, made between the same parties, and as further amended, modified or supplemented from time to time
"**Trustee**"	:	British and Malayan Trustees Limited
"**United States**" or "**U.S.**"	:	United States of America
"**S$**", "**$**" or "**Singapore Dollars**" and "**cents**"	:	Singapore dollars and cents respectively
"**%**"	:	Per cent.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

CORPORATE INFORMATION

Board of Directors	:	Cheong Sim Eng Cheong Pin Chuan Cheong Hooi Kheng Chow Yew Hon Tan Tock Han Lim Jun Xiong Steven
Company Secretaries	:	Koh Chay Tiang Dorothy Ho
Registered Office	:	300 Beach Road #41-00 The Concourse Singapore 199555
Auditors to the Issuer	:	KPMG LLP Public Accountants and Chartered Accountants 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
Arrangers of the Programme	:	The Hongkong and Shanghai Banking Corporation Limited 21 Collyer Quay #11-01 HSBC Building Singapore 049320 Oversea-Chinese Banking Corporation Limited 63 Chulia Street #03-05 OCBC Centre East Singapore 049514
Solicitors to the Arrangers and the Trustee	:	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
Solicitors to the Issuer	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
CDP Issuing and Paying Agent, CDP Agent Bank, CDP Registrar and CDP Transfer Agent	:	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch 20 Pasir Panjang Road (East Lobby) #12-21 Mapletree Business City Singapore 117439
Euroclear and Clearstream Issuing and Paying Agent, Euroclear and Clearstream Agent Bank, Euroclear and Clearstream Registrar and Euroclear and Clearstream Transfer Agent	:	The Hongkong and Shanghai Banking Corporation Limited Level 30 HSBC Main Building 1 Queen's Road Central, Hong Kong
Trustee for the Securityholders	:	British and Malayan Trustees Limited 1 Coleman Street #08-01 The Adelphi Singapore 179803

SUMMARY OF THE PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	:	Hong Fok Corporation Limited.
Arrangers	:	The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited.
Dealers	:	The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
CDP Issuing and Paying Agent, CDP Agent Bank, CDP Registrar and CDP Transfer Agent	:	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch.
Euroclear and Clearstream Issuing and Paying Agent, Euroclear and Clearstream Agent Bank, Euroclear and Clearstream Registrar and Euroclear and Clearstream Transfer Agent	:	The Hongkong and Shanghai Banking Corporation Limited.
Trustee	:	British and Malayan Trustees Limited.
Description	:	Multicurrency Debt Issuance Programme.
Programme Size	:	The maximum aggregate principal amount of the Securities outstanding at any time shall be S$600,000,000 (or its equivalent in other currencies) or such higher amount as may be increased in accordance with the provisions of the Programme Agreement.
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Securities may be issued in Singapore Dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
Method of Issue	:	Securities may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Securities may be issued at par or at a discount, or premium, to par.

Tenor	:	Subject to compliance with all relevant laws, regulations and directives, Securities may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s).
Form and Denomination	:	The Securities will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of Bearer Securities may initially be represented by a Temporary Global Security in bearer form or a Permanent Global Security in bearer form or a registered Global Certificate. Each Temporary Global Security may be deposited on the relevant issue date with either CDP or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or Definitive Securities (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for Definitive Securities upon the terms therein. Each Global Certificate may be registered in the name of, or in the name of a nominee of, either CDP or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system and may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the Conditions of the Securities, a Certificate shall be issued in respect of each Securityholder's entire holding of registered Securities of one Series.
Custody	:	Securities which are to be listed on the SGX-ST may be cleared through CDP. Securities which are to be cleared through CDP are required to be kept with CDP as authorised depositary. Securities which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depositary on behalf of Euroclear and Clearstream, Luxembourg.
Taxation	:	All payments in respect of the Securities and the Coupons by the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any taxes or duties of whatever nature imposed by Singapore, unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amount as will result in the receipt by the Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required. For further details, see the section on "Singapore Taxation".

Non-Disposal Covenant	:	The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Securities remains outstanding, the Issuer will not, and will ensure that none of its Principal Subsidiaries (as defined in Condition 10 of the Notes) (if any), will (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a length of time) sell, transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) all or substantially all of its assets nor any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under this paragraph is substantial in relation to its assets, or those of the Group or the disposal of which (either alone or so aggregated) is likely to have a material adverse effect on it and/or the Group, save that the following shall not be taken into account: (1) disposals in the ordinary course of business; (2) disposals on arm's length and on commercial terms which are reasonably likely to be not less favourable to the Issuer and/or the relevant Principal Subsidiary than terms which would otherwise be available to or from independent third parties and as permitted by applicable laws and regulations; (3) any exchange of assets for other assets of a similar value and where such exchanged assets are real property and/or pertain to the Group's business of property investment and property development and construction; (4) any payment of cash as consideration on arm's length and on commercial terms for assets which pertain to the Group's business of property investment and property development and construction; (5) any disposal of assets which are obsolete, excess or no longer required for the purposes of its business; (6) any disposal of assets by the Issuer or a Principal Subsidiary to any member of the Group that is wholly owned by the Issuer; and (7) any disposal which the Trustee and/or the Securityholders by way of Extraordinary Resolution have agreed shall not be taken into account.
Listing	:	Each Series of the Securities may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained.

Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of the Securities and the distribution of offering material relating to the Securities, see the section on "Subscription, Purchase and Distribution". Further restrictions may apply in connection with any particular Series or Tranche of Securities.
Governing Law	:	The Programme and any Securities issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

NOTES

Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s).
Mandatory Redemption	:	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face (if it is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period (as defined in the Conditions)) or Zero Coupon Note) or on the interest payment date falling in the redemption month shown on its face (if it is shown on its face to be a Floating Rate Note, Variable Rate Note or a Hybrid Note (during the Floating Rate Period (as defined in the Conditions)).
Interest Basis	:	Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Issuer and the relevant Dealer(s) or may not bear interest.
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.
Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).

Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the terms and conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and at maturity and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s) at the rate of interest to be determined by reference to S$ SIBOR or S$ SWAP RATE (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).
Zero Coupon Notes	:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
Status of the Notes	:	The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and rateably, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
Redemption and Purchase	:	If so provided on the face of the Notes and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes. Further, if so provided on the face of the Notes and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes.
Negative Pledge	:	The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, the Issuer will not, and will ensure that none of its Principal Subsidiaries will, create or have outstanding any security over the whole or any part of their respective undertakings, assets, property or revenues, present or future, except for: (1) liens or rights of set off arising solely by operation of law (or by an agreement evidencing the same) or in the ordinary course of its business in respect of

indebtedness which either (a) has been due for less than 14 Business Days or (b) is being contested in good faith and by appropriate means;

(2) any security existing as at the date of the Trust Deed and disclosed in writing to the Trustee on or prior to the date of the Trust Deed (but, except with the prior approval of the Noteholders by way of an Extraordinary Resolution (as defined in the Trust Deed), the principal, capital or nominal amount secured by such security may not be increased) and any security created after the date of the Trust Deed over such asset for the purpose of refinancing the indebtedness secured by such asset (provided that the principal amount of such refinancing shall not exceed the original limit granted without taking into account any reduction or repayment). Nothing in this sub-paragraph (2) shall apply to the properties reflected in sub-paragraphs (4), (5) and (6);

(3) any security over any of its assets acquired, developed or redeveloped by it after the date of the Trust Deed, provided that in respect only of the date on which any security referred to in this sub-paragraph is first created over any asset acquired, developed or redeveloped after the date of the Trust Deed, the amount secured by the security over such asset shall not exceed:

  (a) in respect of any project which is a property development, 67 per cent. of (i) the cost of that acquisition or (ii) the Gross Development Value, whichever is higher at the relevant time (of the proposed creation of the security) as the case may be;

  (b) in respect of any project which is not a property development, 70 per cent. of (i) the cost of that acquisition or (ii) the open market value of the relevant asset as determined by an Approved Valuer, whichever is higher at the relevant time (of the proposed creation of the security) as the case may be; and

  (c) in respect of any asset (other than real property), the cost of acquisition of that asset.

For the avoidance of doubt, there shall be no restriction on the creation of any subsequent security on any asset acquired by the Issuer after the date of the Trust Deed. Nothing in this sub-paragraph (3) shall apply to the properties reflected in sub-paragraphs (4), (5) and (6);

(4) any security created or to be created over the property known as The Concourse or any part thereof and any security to be created over such asset in connection with the extension, any refinancing or increase in the facility limit of the credit facilities secured by such asset, provided that as at each date on which any security referred to in this sub-paragraph is created, the amount secured by the security over such asset (either alone or when aggregated with all other amounts secured by the security over such asset) shall not exceed:

  (a) prior to obtaining the strata title in relation to the property known as Concourse Skyline (the "**Concourse Skyline Strata Subdivision**"), 70 per cent. of the Value of the Combined Property; and

  (b) after the Concourse Skyline Strata Subdivision, 70 per cent. of the Value of the Property;

(5) on or after the Concourse Skyline Strata Subdivision, any security created over the property known as the Concourse Skyline;

(6) any security created over the property located at Orchard Road, Singapore, currently known as International Building (Lot Number 956X of Town Subdivision 25) and the land located at Claymore Hill, Singapore (Lot Number 1719L of Town Subdivision 25);

(7) security arising out of title retention provisions in a supplier's or financier's conditions of supply, hire purchase or leasing agreement, in each case entered into by it in the ordinary course of its business, and provided that the aggregate principal amount secured shall not exceed S$20,000,000; and

(8) any other security which has been approved by the Noteholders by way of an Extraordinary Resolution.

For the purposes of the "Negative Pledge" provision:

"**Approved Valuer**" means any of CB Richard Ellis (Pte) Ltd, Suntec Real Estate Consultants Pte. Ltd., Colliers International (Singapore) Pte Ltd, DTZ Debenham Tie Leung (SEA) Pte Ltd, Savills Valuation and Professional Services (S) Pte Ltd, Jones Lang LaSalle Property Consultants Pte Ltd, Knight Frank Pte Ltd or such other valuer which has the appropriate recognised professional qualification.

"**Gross Development Value**" means the estimated market value (as determined by an Approved Valuer) of a proposed development that can be built on a given site assuming completion.

"**Value of the Combined Property**" means, as at the date on which any security referred to in sub-paragraph (4) above is created, the sum of the values of the properties known as The Concourse and Concourse Skyline on the basis of the most recent valuation report prepared by an Approved Valuer and delivered by the Issuer to the Trustee pursuant to clause 16(hh) of the Trust Deed.

"**Value of the Property**" means, as at the date on which any security referred to in sub-paragraph (4) above is created, the value of the property known as The Concourse on the basis of the most recent valuation report prepared by an Approved Valuer and delivered by the Issuer to the Trustee pursuant to clause 16(hh) of the Trust Deed.

Financial Covenants : The Issuer has covenanted with the Trustee in the Trust Deed that for so long as any of the Notes or Coupons remains outstanding, the Issuer will ensure that:

(1) the Consolidated Tangible Net Worth will not at any time be less than S$500,000,000; and

(2) the ratio of Consolidated Net Debt to Consolidated Tangible Net Worth of the Group will not at any time be more than 2.15 : 1.

For the purposes of the "Financial Covenants" provision:

"**Consolidated Net Debt**" means, at any time, in relation to the Group, an amount (expressed in Singapore Dollars) for the time being calculated on a consolidated basis, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(1) bank overdrafts and all borrowings of any member of the Group, other than:

  (a) any borrowing made by a member of the Group to any other member of the Group;

  (b) any amount due to associates of the Group insofar as the obligation to pay such amount is subordinated to the Issuer's payment obligations under the Notes;

  (c) any amount due to any shareholder of the Issuer insofar as the obligation to pay such amount is subordinated to the Issuer's payment obligations under the Notes;

(d) any outstanding trade and other payables; and

(e) any outstanding tax liabilities; and

(2) the outstanding principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash,

and where such aggregate amount falls to be calculated, no amount shall be taken into account more than once in the same calculation; and

deducting:

(A) any moneys raised or borrowed by the Issuer or any of its subsidiaries where such moneys are raised or borrowed for the purpose of repaying or redeeming the Notes or any part thereof under the Trust Deed (so long as such moneys have not been applied to repay or redeem such Notes); and

(B) an amount equal to the aggregate of the moneys held on fixed deposit at, and cash balances held with, banks and other financial institutions, moneys held in stakeholders' account and cash in hand,

provided that no liabilities shall be included in a calculation of Consolidated Net Debt more than once. For the avoidance of doubt, any amount expressed as non-controlling interest or minority interest in the consolidated accounts of the Issuer shall not be computed as part of the Consolidated Net Debt.

"**Consolidated Tangible Net Worth**" means at any time the amount (expressed in Singapore Dollars) for the time being, calculated in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(1) the share capital of the Issuer for the time being issued and paid-up; and

(2) the amounts standing to the credit of the capital and revenue reserves (including profit and loss account) of the Group on a consolidated basis,

all as shown in the then latest audited and/or, as the case may be, unaudited consolidated balance sheet of the Group but after deducting:

(A) an amount equal to any distribution by any member of the Group out of profits earned prior to the date of the latest audited consolidated balance sheet of the Group and which have been declared, recommended or made since that date except so far as provided for in such balance sheet and/or paid or due to be paid to members of the Group; and

(B) all goodwill and other intangible assets,

and so that no amount shall be included or excluded more than once.

Redemption at Option of Noteholder	:	In the event that (1) the shares of the Issuer cease to be traded on the SGX-ST as a result of the Issuer's removal or, as the case may be, delisting from the Official List of the SGX-ST or (2) trading of the shares of the Issuer is suspended for more than 10 consecutive Exchange Business Days (as defined below), the holder of any Notes shall have the right, at the option of such holder, to require the Issuer to redeem all (or some only) of such holder's Notes in accordance with the procedures set out in Condition 6(b)(i) of the Notes, on the date falling 60 calendar days after (in the case of (1) above) the date of cessation of trading or (in the case of (2) above) the expiry of the period of 10 consecutive Exchange Business Days during which trading of the shares of the Issuer is suspended. "**Exchange Business Day**" means any day on which the SGX-ST is open for trading during its regular trading hours.
Events of Default	:	See Condition 10 of the Notes.

PERPETUAL SECURITIES

No Fixed Redemption Date	:	The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right to redeem or purchase them in accordance with the provisions of the Conditions of the Perpetual Securities.
Distribution Basis	:	Perpetual Securities may confer a right to receive distribution at fixed or floating rates.
Fixed Rate Perpetual Securities	:	Fixed Rate Perpetual Securities will confer a right to receive distribution at a fixed rate which will be payable in arrear on specified dates. If so provided on the face of the Fixed Rate Perpetual Securities, the distribution rate may be reset on such dates and bases as may be set out in the applicable Pricing Supplement.
Floating Rate Perpetual Securities	:	Floating Rate Perpetual Securities which are denominated in Singapore dollars will confer a right to receive distribution at a rate to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Distribution periods in

relation to the Floating Rate Perpetual Securities will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.

Floating Rate Perpetual Securities which are denominated in other currencies will confer a right to receive distribution at a rate to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).

Distribution Discretion : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date (as defined in the Conditions of the Perpetual Securities) by giving notice to the Trustee and the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14 of the Perpetual Securities) not more than 20 nor less than five business days (or such other notice period as may be specified on the face of the Perpetual Security and the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date.

If Dividend Pusher is set out on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may not elect to defer any distribution if during the Reference Period (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following have occurred:

(1) a dividend, distribution or other payment has been declared or paid on or in respect of any of the Issuer's Junior Obligations or, in relation to Subordinated Perpetual Securities (as defined in the Conditions of the Perpetual Securities) only, (except on a *pro rata* basis) any of the Issuer's Parity Obligations; or

(2) any of the Issuer's Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's Parity Obligations has been redeemed, reduced cancelled, bought back or acquired for any consideration,

in each case, other than (a) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group or (b) as a result of the exchange or conversion of Parity Obligations of the Issuer for the Junior Obligations of the Issuer (a "**Compulsory Distribution Payment Event**") and/or as otherwise specified in the applicable Pricing Supplement.

For the purposes of this "Summary of the Programme" section:

"**Junior Obligation**" means any ordinary shares of the Issuer and any class of the Issuer's share capital and any other instruments or securities (including without limitation any preference shares, preferred units or subordinated perpetual securities) issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank, whether by its terms or by operation of law, junior to the Perpetual Securities.

"**Parity Obligation**" means any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the Issuer (1) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Subordinated Perpetual Securities and (2) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof.

Non-Cumulative Deferral and Cumulative Deferral : If Non-Cumulative Deferral is set out on the face of the Perpetual Security and the relevant Pricing Supplement, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid ("**Optional Distribution**") (in whole or in part) by complying with the notice requirements in Condition 4(IV)(e) of the Perpetual Securities. There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to Condition 4(IV) of the Perpetual Securities.

If Cumulative Deferral is set out on the face of the Perpetual Security and the relevant Pricing Supplement, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(IV)(a) of the Perpetual Securities) further defer any Arrears of Distribution by complying with the notice requirement in Condition 4(IV)(e) of the Perpetual Securities applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to Condition 4(IV) of the Perpetual Securities except that Condition 4(IV)(c) of the Perpetual Securities shall be complied with until all outstanding Arrears of Distribution have been paid in full.

If Additional Distribution is set out on the face of the Perpetual Security and the relevant Pricing Supplement, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Distribution Rate or Rate of Distribution (as the case may be) and the amount of such interest (the "**Additional Distribution Amount**") with respect to Arrears of Distribution shall be due and payable pursuant to Condition 4 of the Perpetual Securities and shall be calculated by applying the applicable Distribution Rate or Rate of Distribution (as the case may be) to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the provisions of Condition 4 of the Perpetual Securities. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

Restrictions in the case of Non-Payment : If Dividend Stopper is set out on the face of the Perpetual Security and the relevant Pricing Supplement and on any Distribution Payment Date, payments of all distributions scheduled to be made on such date are not made in full by reason of Condition 4(IV) of the Perpetual Securities, the Issuer shall not and shall procure that none of its subsidiaries shall:

(1) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Issuer's Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's Parity Obligations; or

(2) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of any of the Issuer's Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's Parity Obligations,

in each case other than (a) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group or (b) as a result of the exchange or conversion of Parity Obligations of the Issuer for Junior Obligations of the Issuer, unless and until (A) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (B) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual

Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (C) the Issuer is permitted to do so by an Extraordinary Resolution of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement. For the avoidance of doubt, nothing in Condition 4(IV)(d) of the Perpetual Securities shall restrict any associate of the Issuer which is not a subsidiary for the purposes of the Companies Act from acquiring for consideration any of the Issuer's ordinary shares.

Status of the Senior Perpetual Securities	:	The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and rateably, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
Status of the Subordinated Perpetual Securities	:	The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and rateably, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Issuer. The rights and claims of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities are subordinated as provided in Condition 3(b) of the Perpetual Securities.
Subordination of Subordinated Perpetual Securities	:	Subject to the insolvency laws of Singapore and other applicable laws, in the event of the winding-up of the Issuer, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment of principal, distribution and any other amounts in respect of the Subordinated Perpetual Securities and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer but at least *pari passu* with all other subordinated obligations of the Issuer that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities and in priority to the claims of shareholders of the Issuer and/or as otherwise specified in the applicable Pricing Supplement.

Set-off in relation to Subordinated Perpetual Securities	:	Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.
Redemption at the Option of the Issuer	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face thereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) to (but excluding) the date fixed for redemption.
Redemption for Taxation Reasons	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Perpetual Securities, or increase the payment of such additional amounts, as a result of:

(1) any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements (including a decision of a court of competent jurisdiction), which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement and such obligations cannot be avoided by the Issuer taking reasonable measures available to it; or

(2) the Issuer receiving a ruling by the Comptroller of Income Tax (or other relevant authority) which confirms that:

(a) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) and Section 13 of the ITA and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations; or

(b) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption and/or concessionary tax rate on interest for "qualifying debt securities" under the ITA,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Redemption for Accounting Reasons	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time prior to or after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council, as amended from time to time (the "**SFRS**") or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of the

Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of the Issuer pursuant to the Relevant Accounting Standard.

Redemption for Tax Deductibility : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders and Trustee (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if:

(1) the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:

(a) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date;

(b) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or

(c) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position issued or announced before the Issue Date; or

(2) as a result of the Issuer receiving a ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA,

payments by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, fully deductible by the Issuer for Singapore income tax purposes.

Redemption in the case of Minimal Outstanding Amount : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Limited right to institute proceedings in relation to Perpetual Securities : The right to institute proceedings for winding-up in relation to Perpetual Securities is limited to circumstances set out in Condition 9(b) of the Perpetual Securities. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 4(IV) of the Perpetual Securities.

Proceedings for winding-up : If (1) a final and effective order is made or an effective resolution is passed for the winding-up of the Issuer or (2) the Issuer fails to make payment in respect of the Perpetual Securities when due and such failure continues for a period of seven (7) business days after the due date, the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d) of the Perpetual Securities, institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. Unless otherwise stated, all capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme. Details of the relevant Series are being shown on the face of the relevant Notes and in the relevant Pricing Supplement.

The Notes are constituted by a trust deed dated 12 December 2012 made between (1) Hong Fok Corporation Limited, as issuer (the "**Issuer**", which expression shall include its successors and permitted assigns), and (2) British and Malayan Trustees Limited (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee of the Noteholders (as defined below) (as amended and supplemented by an amendment and restatement trust deed dated 3 October 2014 made between the same parties, and as further amended, modified or supplemented from time to time, the "**Trust Deed**"), and (where applicable) the Notes are issued with the benefit of a deed of covenant dated 12 December 2012 (as supplemented by a supplemental deed of covenant dated 3 October 2014 and as further amended, modified or supplemented from time to time, the "**Deed of Covenant**") relating to the Notes executed by the Issuer. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. The Issuer has entered into an agency agreement dated 12 December 2012 made between (1) the Issuer, as issuer, (2) The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, as issuing and paying agent in respect of Notes that are cleared through CDP (as defined below) (the "**CDP Issuing and Paying Agent**"), (3) The Hongkong and Shanghai Banking Corporation Limited, in respect of Notes that are cleared through Euroclear (as defined below) and/or Clearstream, Luxembourg (as defined below) (the "**Euroclear and Clearstream Issuing and Paying Agent**", together with the CDP Issuing and Paying Agent, the "**Issuing and Paying Agents**", and each an "**Issuing and Paying Agent**"), (4) The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, as agent bank in respect of Notes that are cleared through CDP (the "**CDP Agent Bank**"), (5) The Hongkong and Shanghai Banking Corporation Limited, as agent bank in respect of Notes that are cleared through Euroclear and/or Clearstream, Luxembourg (the "**Euroclear and Clearstream Agent Bank**", together with the CDP Agent Bank, the "**Agent Banks**", and each an "**Agent Bank**"), and (6) the Trustee, as trustee (as amended and restated by an agency amendment and restatement agreement dated 3 October 2014 made between (1) the Issuer, as issuer (2) The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, as CDP Issuing and Paying Agent, CDP Agent Bank, CDP registrar (the "**CDP Registrar**") and CDP transfer agent (the "**CDP Transfer Agent**"), (3) The Hongkong and Shanghai Banking Corporation Limited, as Euroclear and Clearstream Issuing and Paying Agent, Euroclear and Clearstream Agent Bank, Euroclear and Clearstream registrar (the "**Euroclear and Clearstream Registrar**", together with the CDP Registrar, the "**Registrars**", and each a "**Registrar**") and Euroclear and Clearstream transfer agent (the "**Euroclear and Clearstream Transfer Agent**", together with the CDP Transfer Agent, the "**Transfer Agents**", and each a "**Transfer Agent**"), and (4) the Trustee, as trustee, as further amended, modified or supplemented from time to time, the "**Agency Agreement**"). The Noteholders and the holders (the "**Couponholders**") of the coupons (the "**Coupons**") appertaining to the interest-bearing Notes in the bearer form, and where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

1. FORM, DENOMINATION AND TITLE

(a) Form and Denomination

(i) The Notes of the Series of which this Note forms part (in these Conditions, the "**Notes**") are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Denomination Amount shown hereon.

(ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a note that does not bear interest (a "**Zero-Coupon Note**"), a combination of any of the foregoing or any other type of Note (depending upon the Interest and Redemption/Payment Basis shown on its face).

(iii) Bearer Notes are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero-Coupon Notes in which case references to interest (other than in relation to default interest referred to in Condition 7(h)) in these Conditions are not applicable.

(iv) Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

(b) Title

(i) Subject as set out below, title to the Bearer Notes and the Coupons and the Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**").

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

*For so long as any of the Notes is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below) and such Global Security or Global Certificate is held by The Central Depository (Pte) Limited ("**CDP**"), each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by CDP as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the*

*CDP Issuing and Paying Agent, the CDP Agent Bank, the CDP Registrar, the CDP Transfer Agent, all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, interest and any other amounts in respect of the Notes, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the CDP Issuing and Paying Agent, the CDP Agent Bank, the CDP Registrar, the CDP Transfer Agent, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions, where the context requires, shall be construed accordingly). Notes which are represented by the Global Security or, as the case may be, the Global Certificate and held by CDP will be transferable only in accordance with the rules and procedures for the time being of CDP. For so long as any of the Notes is represented by a Global Security or, as the case may be, the Global Certificate and such Global Security or, as the case may be, the Global Certificate is held by CDP, the record date for the purposes of determining entitlements to any payment of principal, interest and any other amounts in respect of the Notes shall, unless otherwise specified by the Issuer, be the date falling five Business Days prior to the relevant payment date.*

*For so long as any of the Notes is represented by a Global Note and such Global Note is held by a common depository for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to the principal amount of such Notes (as the case may be) standing to the account of any person shall be conclusive and binding for all purposes, save in the case of manifest error) shall be treated by the Issuer, the Euroclear and Clearstream Issuing and Paying Agent, the Euroclear and Clearstream Agent Bank, the Euroclear and Clearstream Registrar, the Euroclear and Clearstream Transfer Agent and all other agents of the Issuer and the Trustee as the holder of such principal amount of such Notes other than with respect to the payment of principal, interest and any other amounts in respect of such Notes, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Euroclear and Clearstream Issuing and Paying Agent, the Euroclear and Clearstream Agent Bank, the Euroclear and Clearstream Registrar, the Euroclear and Clearstream Transfer Agent and all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions, where the context requires, shall be construed accordingly). Notes which are represented by a Global Security or, as the case may be, the Global Certificate and held by Euroclear and/or Clearstream, Luxembourg will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg.*

(iii) In these Conditions, "**Global Security**" means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, "**Global Certificate**" means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common depository for Euroclear and/or Clearstream, Luxembourg, (2) the CDP and/or (3) any other clearing system, "**Noteholder**" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be), "**Series**" means (A) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (1) expressed to be consolidated and forming a single series and (2) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (B) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and "**Tranche**" means Notes which are identical in all respects (including as to listing).

(iv) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. NO EXCHANGE OF NOTES AND TRANSFERS OF REGISTERED NOTES

(a) No Exchange of Notes

Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination Amount may not be exchanged for Bearer Notes of another Denomination Amount. Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

Subject to Conditions 2(e) and 2(f) below, one or more Registered Notes may be transferred (in the authorised denominations set out herein) upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar with the prior written approval of the Issuer and the Trustee. A copy of the current regulations will be made available by the Registrar, at the expense of the Issuer, to any Noteholder upon request.

(c) Exercise of Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five (5) business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(b)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "business day" means a day, other than a Saturday or Sunday or a gazetted public holiday, on which banks are open for general business in the place of the specified office of the Registrar or the other relevant Transfer Agent (as the case may be).

(e) Transfers Free of Charge

Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the other Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the other relevant Transfer Agent may require) in respect of tax or charges.

(f) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(c), (ii) after any such Note has been called for redemption or (iii) during the period of 15 days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

3. STATUS

The Notes and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer. The Notes and Coupons relating to them shall at all times rank *pari passu* and rateably, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

4. NEGATIVE PLEDGE, FINANCIAL AND OTHER COVENANTS

(a) The Issuer has covenanted with the Trustee in the Trust Deed that, so long as any of the Notes remains outstanding, the Issuer will not, and will ensure that none of its Principal Subsidiaries will, create or have outstanding any security over the whole or any part of their respective undertakings, assets, property or revenues, present or future, except for:

(i) liens or rights of set off arising solely by operation of law (or by an agreement evidencing the same) or in the ordinary course of its business in respect of indebtedness which either (A) has been due for less than 14 Business Days or (B) is being contested in good faith and by appropriate means;

(ii) any security existing as at the date of the Trust Deed and disclosed in writing to the Trustee on or prior to the date of the Trust Deed (but, except with the prior approval of the Noteholders by way of an Extraordinary Resolution, the principal, capital or nominal amount secured by such security may not be increased) and any security created after the date of the Trust Deed over such asset for the purpose of refinancing the indebtedness secured by such asset (provided that the principal amount of such refinancing shall not exceed the original limit granted without taking into account any reduction or repayment). Nothing in this sub-paragraph (ii) shall apply to the properties reflected in sub-paragraphs (iv), (v) and (vi);

(iii) any security over any of its assets acquired, developed or redeveloped by it after the date of the Trust Deed, provided that in respect only of the date on which any security referred to in this sub-paragraph is first created over any asset acquired, developed or redeveloped after the date of the Trust Deed, the amount secured by the security over such asset shall not exceed:

(A) in respect of any project which is a property development, 67 per cent. of (1) the cost of that acquisition or (2) the Gross Development Value, whichever is higher at the relevant time (of the proposed creation of the security) as the case may be;

(B) in respect of any project which is not a property development, 70 per cent. of (1) the cost of that acquisition or (2) the open market value of the relevant asset as determined by an Approved Valuer, whichever is higher at the relevant time (of the proposed creation of the security) as the case may be; and

(C) in respect of any asset (other than real property), the cost of acquisition of that asset.

For the avoidance of doubt, there shall be no restriction on the creation of any subsequent security on any asset acquired by the Issuer after the date of the Trust Deed. Nothing in this sub-paragraph (iii) shall apply to the properties reflected in sub-paragraphs (iv), (v) and (vi);

(iv) any security created or to be created over the property known as The Concourse or any part thereof and any security to be created over such asset in connection with the extension, any refinancing or increase in the facility limit of the credit facilities secured by such asset, provided that as at each date on which any security referred to in this sub-paragraph is created, the amount secured by the security over such asset (either alone or when aggregated with all other amounts secured by the security over such asset) shall not exceed:

(A) prior to obtaining the strata title in relation to the property known as Concourse Skyline (the "**Concourse Skyline Strata Subdivision**"), 70 per cent. of the Value of the Combined Property; and

(B) after the Concourse Skyline Strata Subdivision, 70 per cent. of the Value of the Property;

(v) on or after the Concourse Skyline Strata Subdivision, any security created over the property known as the Concourse Skyline;

(vi) any security created over the property located at Orchard Road, Singapore, currently known as International Building (Lot Number 956X of Town Subdivision 25) and the land located at Claymore Hill, Singapore (Lot Number 1719L of Town Subdivision 25);

(vii) security arising out of title retention provisions in a supplier's or financier's conditions of supply, hire purchase or leasing agreement, in each case entered into by it in the ordinary course of its business, and provided that the aggregate principal amount secured shall not exceed S$20,000,000; and

(viii) any other security which has been approved by the Noteholders by way of an Extraordinary Resolution.

For the purposes of these Conditions:

"**Approved Valuer**" means any of CB Richard Ellis (Pte) Ltd, Suntec Real Estate Consultants Pte. Ltd., Colliers International (Singapore) Pte Ltd, DTZ Debenham Tie Leung (SEA) Pte Ltd, Savills Valuation and Professional Services (S) Pte Ltd, Jones Lang LaSalle Property Consultants Pte Ltd, Knight Frank Pte Ltd or such other valuer which has the appropriate recognised professional qualification.

"**Gross Development Value**" means the estimated market value (as determined by an Approved Valuer) of a proposed development that can be built on a given site assuming completion.

"**Value of the Combined Property**" means, as at the date on which any security referred to in Condition 4(a)(iv) is created, the sum of the values of the properties known as The Concourse and Concourse Skyline on the basis of the most recent valuation report prepared by an Approved Valuer and delivered by the Issuer to the Trustee pursuant to Clause 16(hh) of the Trust Deed.

"**Value of the Property**" means, as at the date on which any security referred to in Condition 4(a)(iv) is created, the value of the property known as The Concourse on the basis of the most recent valuation report prepared by an Approved Valuer and delivered by the Issuer to the Trustee pursuant to Clause 16(hh) of the Trust Deed.

(b) The Issuer has covenanted with the Trustee in the Trust Deed that for so long as any of the Notes or Coupons remains outstanding, it will ensure that:

(i) the Consolidated Tangible Net Worth will not at any time be less than S$500,000,000; and

(ii) the ratio of Consolidated Net Debt to Consolidated Tangible Net Worth of the Group will not at any time be more than 2.15 : 1.

For the purposes of these Conditions:

"**Consolidated Net Debt**" means, at any time, in relation to the Group, an amount (expressed in Singapore Dollars) for the time being calculated on a consolidated basis, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(i) bank overdrafts and all borrowings of any member of the Group, other than:

(A) any borrowing made by a member of the Group to any other member of the Group;

(B) any amount due to associates of the Group insofar as the obligation to pay such amount is subordinated to the Issuer's payment obligations under the Notes;

(C) any amount due to any shareholder of the Issuer insofar as the obligation to pay such amount is subordinated to the Issuer's payment obligations under the Notes;

(D) any outstanding trade and other payables; and

(E) any outstanding tax liabilities; and

(ii) the outstanding principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash,

and where such aggregate amount falls to be calculated, no amount shall be taken into account more than once in the same calculation; and

deducting:

(1) any moneys raised or borrowed by the Issuer or any of its subsidiaries where such moneys are raised or borrowed for the purpose of repaying or redeeming the Notes or any part thereof under the Trust Deed (so long as such moneys have not been applied to repay or redeem such Notes); and

(2) an amount equal to the aggregate of the moneys held on fixed deposit at, and cash balances held with, banks and other financial institutions, moneys held in stakeholders' account and cash in hand,

provided that no liabilities shall be included in a calculation of Consolidated Net Debt more than once. For the avoidance of doubt, any amount expressed as non-controlling interest or minority interest in the consolidated accounts of the Issuer shall not be computed as part of the Consolidated Net Debt.

"**Consolidated Tangible Net Worth**" means at any time the amount (expressed in Singapore Dollars) for the time being, calculated in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(i) the share capital of the Issuer for the time being issued and paid-up; and

(ii) the amounts standing to the credit of the capital and revenue reserves (including profit and loss account) of the Group on a consolidated basis, all as shown in the then latest audited and/or, as the case may be, unaudited consolidated balance sheet of the Group but after deducting:

(1) an amount equal to any distribution by any member of the Group out of profits earned prior to the date of the latest audited consolidated balance sheet of the Group and which have been declared, recommended or made since that date except so far as provided for in such balance sheet and/or paid or due to be paid to members of the Group; and

(2) all goodwill and other intangible assets,

and so that no amount shall be included or excluded more than once.

5. RATE OF INTEREST

(I) INTEREST ON FIXED RATE NOTES

(a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its Calculation Amount (as defined in Condition 5(II)(e)) from the Interest Commencement Date (as defined in Condition 5(II)(e)) in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Note is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(I) to the Relevant Date (as defined in Condition 8(b)).

(b) Calculations

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of such Note. The amount of interest payable per Calculation Amount in respect of any Note shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

(II) INTEREST ON FLOATING RATE NOTES OR VARIABLE RATE NOTES

(a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 5(II)(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an "**Interest Period**".

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(II) to the Relevant Date.

(b) Rate of Interest – Floating Rate Notes

(i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore Dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any other case (or in the case of Notes which are denominated in a currency other than Singapore Dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The "**Spread**" is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 5(V)(a).

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Agent Bank on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are SIBOR Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page as may be provided hereon) and as adjusted by the Spread (if any);

(B) if no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (expressed to four (4) decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

(C) if on any Interest Determination Date two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and

(D) if on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (expressed to four (4) decimal places) of the prime lending rates for Singapore Dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Notes which are Swap Rate Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 am London Time" under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (expressed to four (4) decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as may be agreed between the Agent Bank and the Issuer; and

(C) if on any Interest Determination Date, the Agent Bank is otherwise unable to determine the Rate of Interest under paragraph (b)(ii)(2)(B) above or if no agreement on the relevant authority is reached between the Agent Bank and the Issuer under paragraph (b)(ii)(2)(B) above, the Rate of Interest shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (expressed to four (4) decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (expressed to four (4) decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date and as adjusted by the Spread (if any); and

(3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore Dollars,

the Agent Bank will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:

(A) if the Primary Source (as defined below) for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (expressed to four (4) decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

(iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(c) Rate of Interest – Variable Rate Notes

(i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Agreed Yield**” and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Rate of Interest**”.

(ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:

(1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:

(A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

(B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Rate of Interest for such Variable Rate Note for such Interest Period shall be zero); and

(C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an "**Agreed Rate**") and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and

(2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

(iii) The Issuer has undertaken in the Agency Agreement that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following business day notify the Issuing and Paying Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period.

In addition, the Issuer will cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.

(iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the "**Fall Back Rate**") determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore Dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore Dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The "**Spread**" is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note.

The rate of interest so calculated shall be subject to Condition 5(V)(a).

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Agent Bank in accordance with the provisions of Condition 5(II)(b)(ii) (*mutatis mutandis*) and references therein to "**Rate of Interest**" shall mean "**Fall Back Rate**".

(v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

(d) Minimum Rate of Interest

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with Condition 5(II)(b) or Condition 5(II)(c) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. Unless otherwise stated in the applicable Pricing Supplement, the Minimum Rate of Interest shall be deemed to be zero per cent.

(e) Definitions

As used in these Conditions:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"**business day**" means:

(i) (in the case of Notes denominated in Singapore Dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and (in the case of the Euroclear and Clearstream Issuing and Paying Agent, Euroclear and Clearstream Agent Bank, Euroclear and Clearstream Registrar or Euroclear and Clearstream Transfer Agent) Hong Kong;

(ii) (in the case of Notes denominated in euro) a day on which the TARGET System is open for settlement of payment in euro and in Hong Kong; and

(iii) (in the case of Notes denominated in a currency other than Singapore Dollars and euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets are open for business in Singapore and (in the case of the Euroclear and Clearstream Issuing and Paying Agent, Euroclear and Clearstream Agent Bank, Euroclear and Clearstream Registrar or Euroclear and Clearstream Transfer Agent) Hong Kong and the principal financial centre for that currency;

"**Calculation Amount**" means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

"**euro**" means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

"**Interest Determination Date**" means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note, and in the case where the Agent Bank determines the swap offer rate, (for the purpose of making such a determination only and not for any other purpose) a business day is deemed to include (i) (in the case of Notes denominated in Singapore Dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in London; (ii) (in the case of Notes denominated in euro) a day on which the TARGET System is open for settlement of payment in euro in London; and (iii) (in the case of Notes denominated in a currency other than Singapore Dollars and euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets are open for business in London;

"**Primary Source**" means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rate Service ("**Reuters**")) agreed to by the Agent Bank;

"**Reference Banks**" means the institutions specified as such in the applicable Pricing Supplement or, if none, three major banks selected by the Agent Bank in the interbank market that is most closely connected with the Benchmark;

"**Relevant Currency**" means the currency in which the Notes are denominated;

"**Relevant Dealer**" means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

"**Relevant Financial Centre**" means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"**Relevant Rate**" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

"**Relevant Time**" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg Agency and Reuters) and such other information service as may be specified by the Agent Bank as may be specified in the applicable Pricing Supplement for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

"**TARGET System**" means the Trans-European Automated Real Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(III) INTEREST ON HYBRID NOTES

(a) Interest Rate and Accrual

Each Hybrid Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(b) Fixed Rate Period

(i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.

(ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.

(iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or the Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) to the Relevant Date.

(iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Notes during the Fixed Rate Period.

(c) Floating Rate Period

(i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (1) such date shall be brought forward to the immediately preceding business day and (2) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(ii) The period beginning on (and including) the first day of the Floating Rate Period and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an "**Interest Period**".

(iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) and the Agency Agreement to the Relevant Date.

(iv) The provisions of Condition 5(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(IV) ZERO-COUPON NOTES

Where a Note the Interest Basis of which is specified on its face to be Zero-Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 6(h)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6(h)).

(V) CALCULATIONS IN RESPECT OF FLOATING RATE NOTES, VARIABLE RATE NOTES AND HYBRID NOTES

(a) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent Bank will, as soon as practicable after the Relevant Time on each Interest Determination Date determine the Rate of Interest and calculate the amount of interest payable (the "**Interest Amounts**") in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period (including the first day, but excluding the last day, of such Interest Period). The amount of interest payable in respect of any such Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the face of such Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee, the Issuer and (in the case of Floating Rate Notes) to be notified to Noteholders in accordance with Condition 16 as soon as possible after their determination but in no event later than the fourth business day thereafter. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 10, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Agent Bank does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition 5, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) Agent Bank and Reference Banks

The Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero-Coupon Note remains outstanding, there shall at all times be an Agent Bank. If any Reference Bank or Agent Bank (acting through its relevant office) is unable or unwilling to act as such or if the Agent Bank fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign from its duties without a successor having been appointed as aforesaid.

6. REDEMPTION AND PURCHASE

(a) Redemption at Maturity Date

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero-Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of Notes.

(b) Redemption at Option of Noteholder

(i) General: If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from the Issuing and Paying Agent, the Registrar, any Transfer Agent or the Issuer (as applicable) within the Noteholder's Redemption Option Period shown on the face hereof. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(ii) Cessation or Suspension of Trading of the Shares of the Issuer:

(A) In the event that (1) the shares of the Issuer cease to be traded on the SGX-ST as a result of the Issuer's removal or, as the case may be, delisting from the Official List of the SGX-ST or (2) trading of the shares of the Issuer is suspended for more than 10 consecutive Exchange Business Days (as defined below) (each, a "**Trading Disruption Event**"), the holder of any Notes shall have the right, at the option of such holder, to require the Issuer to redeem all (or some only) of such holder's Notes in accordance with the procedures set out in Condition 6(b)(i), on the date falling 60 calendar days after (in the case of (1) above) the date of cessation of trading or (in the case of (2) above) the expiry of the period of 10 consecutive Exchange Business Days during which trading of the shares of the Issuer is suspended. For the purposes of this Condition 6(b)(ii), "**Exchange Business Day**" means any day on which the SGX-ST is open for trading during its regular trading hours.

(B) The Issuer shall give notice to the Noteholders in accordance with Condition 16 as soon as possible but in any event not later than 10 business days following the first day on which it becomes aware of the occurrence of the Trading Disruption Event, which notice shall specify:

(1) the date on which the cessation or, as the case may be, suspension, of trading of the shares of the Issuer commenced;

(2) the date by which the Exercise Notice must be given;

(3) the date on which and the method by which the Redemption Amount will be paid;

(4) the names and specified offices of the Issuing and Paying Agent, the Agent Bank and (if applicable) the Registrar;

(5) the procedure for exercise by Noteholders of their right to require redemption of the Notes pursuant to this Condition 6(b)(ii); and

(6) such other information as the Trustee may reasonably require.

For the avoidance of doubt, the Trustee shall not be required to take any steps to ascertain whether the Trading Disruption Event or any event which could lead to the occurrence of the Trading Disruption Event has occurred and shall not be responsible or liable to Noteholders for any loss arising from any failure to do so.

(c) Redemption at Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof, and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(c).

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of Notes.

(d) Purchase at the Option of the Issuer

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the

Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of Notes.

(e) Purchase at the Option of Noteholders

(i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) any Variable Rate Notes to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Variable Rate Note(s) to be purchased with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes or Certificates representing such Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering such Variable Rate Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and in the case of Registered Notes, by surrendering the Certificate representing such Variable Rate Note to the Registrar. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

(ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Note to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) to be purchased with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes or Certificates so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering such Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero-Coupon Notes) Early Redemption Amount (as determined in accordance with Condition 6(h)) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by a duly authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal or tax advisors of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) Purchases

The Issuer or any of its subsidiaries may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Issuer or any of its subsidiaries may be surrendered by the purchaser through the Issuer to, in the case of Bearer Notes, the Issuing and Paying Agent and, in the case of Registered Notes, the Registrar for cancellation or may at the option of the Issuer or relevant subsidiary be held or resold.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(h) Early Redemption of Zero-Coupon Notes

(i) The Early Redemption Amount payable in respect of any Zero-Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(ii) Subject to the provisions of Condition 6(h)(iii), the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in Condition 6(h)(ii), except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this Condition 6(h)(iii) will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown on the face of the Notes.

(i) Cancellation

All Notes purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent at its specified office and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes or Certificates so surrendered for cancellation may not be reissued or resold.

7. PAYMENTS

(a) Principal and Interest in respect of Bearer Notes

Payments of principal (or, as the case may be, Redemption Amounts) and interest in respect of the Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which that payment is due on, or, at the option of the holders, by transfer to an account maintained by the payee in that currency with a bank in the principal financial centre for that currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) Principal and Interest in respect of Registered Notes

(i) Payments of principal in respect of Registered Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(b)(ii).

(ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

(iii) In respect of Registered Notes cleared through Euroclear and/or Clearstream, Luxembourg, all payments in respect of Registered Notes represented by Global Securities or, as the case may be, Global Certificates will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment (where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January).

(c) Payments subject to law etc.

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8, and (ii) any withholding or deduction from any payment which any Agent makes under the Agency Agreement for or on account of any present or future taxes, duties, assessments or government charges applicable solely to such Agent if and to the extent so required by any applicable law, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto, on such Agent. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The Issuing and Paying Agent, the Agent Bank, the Transfer Agent and the Registrar initially appointed by the Issuer and their respective specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any of the Agents in accordance with the terms of the Agency Agreement and to appoint additional or other Agents, provided that it will at all times maintain (i) an Issuing and Paying Agent having a specified office in Singapore, (ii) a Transfer Agent in relation to the Registered Notes, having a specified office in Singapore, (iii) a Registrar in relation to Registered Notes, having a specified office in Singapore and (iv) an Agent Bank where the Conditions so require.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 16.

The Agency Agreement may be amended by the Issuer, the Trustee and the Agents without the consent of any Noteholder or Couponholder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Trustee and the Agents may mutually deem necessary or desirable and which shall not be materially prejudicial to the interests of the Noteholders and Couponholders.

(e) Unmatured Coupons and unexchanged Talons

(i) Bearer Notes which comprise Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmatured Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within the prescription period relating thereto under Condition 9.

(ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note, unmatured Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it (and, in the case of the Hybrid Note, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate.

(f) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(g) Non-business days

Subject as provided in the relevant Pricing Supplement and/or in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to one per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero-Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction shown on the face of the Note and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

8. TAXATION

(a) Payment after Withholding

All payments in respect of the Notes and Coupons by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

(i) by or on behalf of a holder who is subject to such Taxes by reason of his being connected with Singapore (including, without limitation, the holder being (A) a resident in Singapore for tax purposes or (B) a non-resident of Singapore who has been granted an exemption by the Inland Revenue Authority of Singapore in respect of the requirement to withhold tax on payments made to it) otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon; or

(ii) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

(b) Interpretation

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 16 that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6, "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**interest**" and/or "**Early Redemption Amounts**" shall be deemed to include any additional amounts which may be payable under these Conditions.

9. PRESCRIPTION

Claims against the Issuer for payment in respect of the Notes and Coupons shall (which for this purpose, shall not include Talons) shall be prescribed and become void unless made within three (3) years from the appropriate Relevant Date for payment.

10. EVENTS OF DEFAULT

If any of the following events ("**Events of Default**") occurs, the Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, give notice in writing to the Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to the date of payment shall immediately become due and payable:

(a) the Issuer does not pay any principal or interest payable by it under any of the Notes when due and such default continues for a period of seven (7) business days after the due date;

(b) the Issuer fails to perform or comply with any one or more of its obligations, (other than the payment obligation referred to in Condition 10(a)) under any of the Transaction Documents (as defined in the Trust Deed) or any of the Notes and if in the opinion of the Trustee that the default is capable of remedy, it is not remedied within 21 business days following the service by the Trustee on the Issuer of a notice in writing requiring the same to be remedied or such longer period as may be agreed by the Trustee;

(c) any representation, warranty or statement made by the Issuer in the Transaction Documents or any of the Notes or in any document delivered under the Transaction Documents or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and if in the opinion of the Trustee, the event resulting in such non-compliance or incorrectness is capable of remedy, it is not remedied within 21 business days following the service by the Trustee on the Issuer of a notice in writing requiring the same to be remedied;

(d) (i) any other present or future indebtedness of the Issuer or any of the Principal Subsidiaries in respect of borrowed money is or is declared to be or is capable of being rendered due and payable prior to its stated maturity by reason of any event of default or any analogous event (however described), or is not paid when due or, as the case may be, within any applicable grace period in any agreement relating to that indebtedness; or

(ii) the Issuer or any of the Principal Subsidiaries fails to pay when properly called upon to do so, any amount payable by it under any guarantee for, or indemnity in respect of, any moneys borrowed or raised, within any applicable grace period as provided for in such guarantee or indemnity,

provided that no Event of Default will occur under this Condition 10(d) unless and until the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(d) have occurred equals or exceeds S$15,000,000 (or its equivalent in other currencies);

(e) the Issuer or any of the Principal Subsidiaries ceases or threatens to cease to carry on all or a material part of its business, operations and undertakings (otherwise than for the purposes of such a consolidation, amalgamation, merger or reconstruction as stated in Condition 10(f) or as permitted under Clause 16(x) of the Trust Deed). For the avoidance of doubt, the cessation of the business of a Principal Subsidiary due to the completion of a project carried on by such Principal Subsidiary shall not be deemed as an Event of Default;

(f) any meeting is convened or an order is made or, as the case may be, an effective resolution is passed, for the winding-up of the Issuer or any of its Principal Subsidiaries (except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation not involving bankruptcy or insolvency and there is no material adverse effect on (a) the financial condition or business of the Group and (b) the ability of the Issuer to perform or comply with its payment obligations under the Transaction Documents or the Notes or on terms approved by the Trustee, such approval not to be unreasonably withheld, before that event occurs) or for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer of the Issuer or any of its Principal Subsidiaries or over a material part of the assets of the Issuer or any of its Principal Subsidiaries;

(g) the Issuer or any of its Principal Subsidiaries is (or is deemed by law or a court to be) insolvent or unable to pay its debts as they fall due, or by reason of financial difficulty, stops, suspends or threatens to stop or suspend payment of all or a material part of its indebtedness, begins negotiations or takes any other proceeding for the deferral, rescheduling or other readjustment of all or a material part of its indebtedness (or of any part which it will otherwise be unable to pay when due) proposes or makes a general assignment or an arrangement or scheme or composition with or for the benefit of the relevant creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of its indebtedness;

(h) a distress, attachment or execution or other legal process is levied, enforced or sued out on or against any material part of the properties or assets of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 21 business days;

(i) any security on or over the whole or a material part of the assets of the Issuer or any of its Principal Subsidiaries is enforced;

(j) any legal process is taken by any government authority or agency of any state with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of its Principal Subsidiaries and such seizure, compulsory acquisition, expropriation or nationalisation has or is likely to have a material adverse effect on the Issuer or the Group;

(k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under each of the Transaction Documents and the Notes, (ii) to ensure that those obligations are valid, legally binding and enforceable, (iii) to ensure that those obligations rank and will at all times rank in accordance with Condition 3 or (iv) to make the Transaction Documents and the Notes admissible in evidence in the courts of Singapore is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable) and if in the opinion of the Trustee, the event resulting in such non-compliance is capable of remedy, it is not remedied within 15 Business Days of its occurrence;

(l) it is or will become unlawful or illegal for the Issuer to perform or comply with any one or more of its payment or other material obligations under the Notes or any Transaction Document to which the Issuer is a party;

(m) if any Transaction Document to which it is a party or the Notes ceases or is claimed by the Issuer to cease at any time and for any reason to constitute legal and valid obligations of the Issuer, binding upon it in accordance with its terms;

(n) any litigation, arbitration or administrative proceeding (other than those which are of a frivolous or vexatious nature or contested in good faith and, in each case, discharged within 30 business days of its commencement) is current or pending against the Issuer or any of the Principal Subsidiaries (i) to restrain the entry into, exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under the Transaction Documents to which it is a party or any of the Notes or (ii) which has or is likely to have a material adverse effect on the Issuer or the Group;

(o) any event occurs which, under the laws of any relevant jurisdiction, has an analogous effect to any of the events referred to in Conditions 10(e), (f), (g), (h), (i) or (j); or

(p) the Issuer or any of the Principal Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act (as defined in the Trust Deed).

In these Conditions:

"**Principal Subsidiaries**" means:

any subsidiary of the Issuer:

(i) whose profits before tax (excluding the subsidiary's share of profits of associated companies), as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 10 per cent. of the consolidated profits before tax of the Group (excluding the Issuer's and its consolidated subsidiaries' share of profits of associated companies) as shown by such audited consolidated accounts; or

(ii) whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, is at least 10 per cent. of the total assets of the Group as shown by such audited consolidated accounts,

provided that if such subsidiary (the "**transferor**") shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or the Issuer (the "**transferee**") then:

(A) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary; and

(B) if a substantial part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (A) above shall continue to be a Principal Subsidiary until the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the profits before tax (excluding the subsidiary's share of profits of associated companies) or (as the case may be) total assets as shown by the accounts of such subsidiary (consolidated (if any) in the case of a company which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 10 per cent. of the consolidated profits before tax (excluding the Issuer's and its consolidated subsidiaries' share of profits of associated companies) or (as the case may be) total assets of the Group, as shown by such audited consolidated accounts. A report by the Auditors, who shall also be responsible for reviewing any pro-forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive; and

"**subsidiary**" has the meaning ascribed to it in Section 5 of the Companies Act, Chapter 50 of Singapore PROVIDED ALWAYS that in the case of (i) Hong Fok Land International Limited and its subsidiaries and (ii) Winfoong International Limited and its subsidiaries (both (i) and (ii) together, the "**Excluded Entities**"), none of such Excluded Entities shall be deemed to be subsidiaries of the Issuer unless and until the Issuer holds more than half of the issued share capital (excluding any part thereof which consists of preference shares and treasury shares) of such corporations.

11. ENFORCEMENT

At any time after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes, together with accrued interest, but it shall not be bound to take any such proceedings unless (a) it shall have been so requested in writing by the holders of not less than 25 per cent. in principal amount of the Notes outstanding or so directed by an Extraordinary Resolution and (b) it shall have been indemnified and/or secured by the Noteholders to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect is continuing.

12. MEETING OF NOTEHOLDERS AND MODIFICATIONS

(a) The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

(b) The Trustee or the Issuer at any time may, and the Trustee upon the request in writing at the time after any Notes of any Series shall have become repayable due to default by Noteholders holding not less than 25 per cent. in principal amount of the Notes of any Series for the time being outstanding shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series (save where provided to the contrary in the Trust Deed and these Conditions), whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any amount of interest in respect of the Notes, (iv) to vary the currency or currencies of payment or denomination of the Notes, (v) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (vi) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution or (vii) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the calculation of the Amortised Face Amount, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

(c) The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification (subject to certain exceptions mentioned in the Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such, which in any such case is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or may agree, without any such consent as aforesaid, to any modification, waiver or authorisation which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or CDP and/or any other clearing system in which the Notes may be held. Any such modification, waiver or authorisation shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

(d) In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

(e) These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

(f) For the purpose of ascertaining the right to attend and vote at any meeting of the Noteholders convened for the purpose of and in relation to Conditions 10,11 and 12 and Clauses 9.1(b) and 27 of and Schedule 11 to the Trust Deed, those Notes (if any) which are beneficially held by, or are held on behalf of the Issuer, and any of its subsidiaries and not cancelled shall (unless and until ceasing to be so held) be disregarded when determining whether the requisite quorum of such meeting has been met and any votes cast or purported to be cast at such meeting in respect of such Notes shall be disregarded and be null and void.

13. REPLACEMENT OF NOTES, CERTIFICATES, COUPONS AND TALONS

Should any Note, Certificate, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) (or at the specified office of such other Paying Agent or, as the case may be, Transfer Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to the Noteholders in accordance with Condition 16) upon payment by the claimant of the costs, expenses and duties incurred in connection with the replacement and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note, Certificate, Coupon or Talon) or otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

14. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to "**Notes**" shall be construed accordingly.

15. PROVISIONS RELATING TO THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and to act as trustee of the holders of any other securities issued by, or relating to, the Issuer, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trust Deed also provides that the Trustee will not be liable to the Noteholders and/or Couponholders for, *inter alia*, any action taken or omitted by it except to the extent that a court of competent jurisdiction determines that the Trustee's gross negligence, wilful default or fraud was the primary cause of any loss to the Noteholders, and that each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in this respect thereof.

16. NOTICES

Notices to the holders of Notes will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. In addition, notices to the holders of Registered Notes shall be valid if mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition 16.

So long as the Notes are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is or are held in its or their entirety on behalf of CDP or, as the case may be, Euroclear and/or Clearstream, Luxembourg, there may be substituted for such publication in such newspapers the delivery of the relevant notice to (subject to the agreement of CDP) CDP or, as the case may be, Euroclear and/or Clearstream, Luxembourg for communication by it to the Noteholders, except that if the Notes are listed on Singapore Exchange Securities Trading Limited and the rules of such exchange so require, notice will in any event be published in accordance with the first paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to CDP or, as the case may be, Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relevant Note or Notes, with the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Certificates). Whilst the Notes are represented by a Global Security or a Global Certificate, such notice may be given by any Noteholder to the Issuing and Paying Agent or, as the case may be, the Registrar through CDP or, as the case may be, Euroclear and/or Clearstream, Luxembourg in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and CDP or, as the case may be, Euroclear and/or Clearstream, Luxembourg may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identities and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given two days from the date of despatch to the Noteholders.

17. GOVERNING LAW

The Trust Deed, the Notes, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT (CHAPTER 53B OF SINGAPORE)

No person shall have any right under the Contracts (Rights of Third Parties) Act (Chapter 53B of Singapore) to enforce or enjoy the benefit of any term or condition of this Note.

CDP ISSUING AND PAYING AGENT, CDP AGENT BANK, CDP REGISTRAR AND CDP TRANSFER AGENT

The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch
20 Pasir Panjang Road (East Lobby)
#12-21 Mapletree Business City
Singapore 117439

EUROCLEAR AND CLEARSTREAM ISSUING AND PAYING AGENT, EUROCLEAR AND CLEARSTREAM AGENT BANK, EUROCLEAR AND CLEARSTREAM REGISTRAR AND EUROCLEAR AND CLEARSTREAM TRANSFER AGENT

The Hongkong and Shanghai Banking Corporation Limited
Level 30
HSBC Main Building
1 Queen’s Road Central, Hong Kong

TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Perpetual Securities in definitive form issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Perpetual Securities. Unless otherwise stated, all capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Perpetual Securities or on the Certificates relating to such Registered Perpetual Securities. References in the Conditions to "Perpetual Securities" are to the Perpetual Securities of one Series only, not to all Perpetual Securities that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Perpetual Securities and in the relevant Pricing Supplement.

The Perpetual Securities are constituted by a trust deed dated 12 December 2012 made between (1) Hong Fok Corporation Limited (the "**Issuer**", which expression shall include its successors and permitted assigns), as issuer, and (2) British and Malayan Trustees Limited (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee of the holders of the Perpetual Securities (as amended and supplemented by an amendment and restatement trust deed dated 3 October 2014, made between the same parties, and as further amended, modified or supplemented from time to time, (the "**Trust Deed**")) and (where applicable) the Perpetual Securities are issued with the benefit of a deed of covenant dated 12 December 2012 (as supplemented by a supplemental deed of covenant dated 3 October 2014 and as further amended, modified or supplemented from time to time, the "**Deed of Covenant**"), relating to the Perpetual Securities executed by the Issuer. These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Perpetual Securities, Certificates, Coupons and Talons referred to below. The Issuer has entered into an agency agreement dated 12 December 2012 made between (1) the Issuer, as issuer, (2) The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, as issuing and paying agent in respect of Perpetual Securities that are cleared through CDP (as defined below) (the "**CDP Issuing and Paying Agent**"), (3) The Hongkong and Shanghai Banking Corporation Limited, as issuing and paying agent in respect of Perpetual Securities that are cleared through Euroclear (as defined below) and/or Clearstream, Luxembourg (as defined below) (the "**Euroclear and Clearstream Issuing and Paying Agent**", together with the CDP Issuing and Paying Agent, the "**Issuing and Paying Agents**", and each an "**Issuing and Paying Agent**"), (4) The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, as agent bank in respect of Perpetual Securities that are cleared through CDP (the "**CDP Agent Bank**"), (5) The Hongkong and Shanghai Banking Corporation Limited, as agent bank in respect of Perpetual Securities that are cleared through Euroclear and/or Clearstream, Luxembourg (the "**Euroclear and Clearstream Agent Bank**", together with the CDP Agent Bank, the "**Agent Banks**", and each an "**Agent Bank**"), and (6) the Trustee, as trustee, (as amended and restated by an agency amendment and restatement agreement dated 3 October 2014 made between (1) the Issuer, (2) The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, as CDP Issuing and Paying Agent, CDP Agent Bank, CDP registrar (the "**CDP Registrar**") and CDP transfer agent (the "**CDP Transfer Agent**"), (3) The Hongkong and Shanghai Banking Corporation Limited, as Euroclear and Clearstream Issuing and Paying Agent, Euroclear and Clearstream Agent Bank, Euroclear and Clearstream registrar (the "**Euroclear and Clearstream Registrar**", together with the CDP Registrar, the "**Registrars**", and each a "**Registrar**") and Euroclear and Clearstream transfer agent (the "**Euroclear and Clearstream Transfer Agent**", together with the CDP Transfer Agent, the "**Transfer Agents**", and each a "**Transfer Agent**"), and (4) the Trustee, as trustee, as further amended, modified or supplemented from time to time, the "**Agency**

Agreement"). The Perpetual Securityholders and the holders (the "**Couponholders**") of the distribution coupons (the "**Coupons**") appertaining to the Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the "**Talons**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

1. FORM, DENOMINATION AND TITLE

(a) Form and Denomination

(i) The Perpetual Securities of the Series of which this Perpetual Security forms part (in these Conditions, the "**Perpetual Securities**") are issued in bearer form ("**Bearer Perpetual Securities**") or in registered form ("**Registered Perpetual Securities**") in each case in the Denomination Amount shown hereon.

(ii) This Perpetual Security is a Fixed Rate Perpetual Security or a Floating Rate Perpetual Security (depending upon the Distribution Basis shown on its face).

(iii) Bearer Perpetual Securities are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached.

(iv) Registered Perpetual Securities are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Perpetual Securities by the same holder.

(b) Title

(i) Subject as set out below, title to the Bearer Perpetual Securities and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Perpetual Securities shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**").

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Perpetual Security, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Perpetual Security, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Perpetual Security, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

*For so long as any of the Perpetual Securities is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below) and such Global Security or Global Certificate is held by The Central Depository (Pte) Limited ("**CDP**"), each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by CDP as to the principal amount of such Perpetual Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of* *manifest error) shall be treated by the Issuer, the CDP Issuing and Paying Agent, the CDP Agent Bank, the CDP Registrar, the CDP Transfer Agent, all other agents of the Issuer and the Trustee as the holder of such principal amount of Perpetual Securities other than with respect to the payment of principal, premium, distribution, redemption, purchase and any other amounts in respect of the Perpetual Securities, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the CDP Issuing and Paying Agent, the CDP Agent Bank, the CDP Registrar, the CDP Transfer Agent, all other agents of the Issuer and the Trustee as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Perpetual Securityholder**" and "**holder of Perpetual Securities**" and related expressions, where the context requires, shall be construed accordingly). Perpetual Securities which are represented by the Global Security or, as the case may be, the Global Certificate and held by CDP will be transferable only in accordance with the rules and procedures for the time being of CDP. For so long as any of the Perpetual Securities is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or, as the case may be, such Global Certificate is held by CDP, the record date for the purposes of determining entitlements to any payment of principal and any other amounts in respect of the Perpetual Securities shall, unless otherwise specified by the Issuer, be the date falling five Business Days prior to the relevant payment date.*

*For so long as any of the Perpetual Securities is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or Global Certificate is held by a common depository for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to the principal amount of such Perpetual Securities (as the case may be) standing to the account of any person shall be conclusive and binding for all purposes, save in the case of manifest error) shall be treated by the Issuer, the Euroclear and Clearstream Issuing and Paying Agent, the Euroclear and Clearstream Agent Bank, the Euroclear and Clearstream Registrar, the Euroclear and Clearstream Transfer Agent and all other agents of the Issuer and the Trustee as the holder of such principal amount of such Perpetual Securities other than with respect to the payment of principal, premium, distribution, redemption, purchase and/or any other amounts in respect of such Perpetual Securities, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Euroclear and Clearstream Issuing and Paying Agent, the Euroclear and Clearstream Agent Bank, the Euroclear and Clearstream Registrar, the Euroclear and Clearstream Transfer Agent and all other agents of the Issuer and the Trustee as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Perpetual Securityholder**" and "**holder of Perpetual Securities**" and related expressions, where the context requires, shall be construed accordingly). Perpetual Securities which are represented by a Global Security or, as the case may be, a Global Certificate and held by Euroclear and/or Clearstream, Luxembourg will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg.*

(iii) In these Conditions, "**Global Security**" means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, "**Global Certificate**" means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common depository for Euroclear and/or Clearstream, Luxembourg, (2) the CDP and/or (3) any other clearing system, "**Perpetual Securityholder**" means the bearer of any Bearer Perpetual Security or the person in whose name a Registered Perpetual Security is registered (as the case may be) and "**holder**" (in relation to a Perpetual Security, Coupon or Talon) means the bearer of any Bearer Perpetual Security, Coupon or Talon or the person in whose name a Registered Perpetual Security is registered (as the case may be), "**Series**" means a Tranche, together with any further Tranche or Tranches, which are (A) expressed to be consolidated and forming a single series and (B) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of distribution and "**Tranche**" means Perpetual Securities which are identical in all respects (including as to listing).

(iv) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. NO EXCHANGE OF PERPETUAL SECURITIES AND TRANSFERS OF REGISTERED PERPETUAL SECURITIES

(a) No Exchange of Perpetual Securities

Registered Perpetual Securities may not be exchanged for Bearer Perpetual Securities. Bearer Perpetual Securities of one Denomination Amount may not be exchanged for Bearer Perpetual Securities of another Denomination Amount. Bearer Perpetual Securities may not be exchanged for Registered Perpetual Securities.

(b) Transfer of Registered Perpetual Securities

Subject to Conditions 2(e) and 2(f) below, one or more Registered Perpetual Securities may be transferred (in the authorised denominations set out herein) upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Perpetual Securities to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Perpetual Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Perpetual Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Perpetual Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar with the prior written approval of the Issuer and the Trustee. A copy of the current regulations will be made available by the Registrar, at the expense of the Issuer, to any Perpetual Securityholder upon request.

(c) Exercise of Options or Partial Redemption in Respect of Registered Perpetual Securities

In the case of an exercise of an Issuer's option in respect of, or a partial redemption of, a holding of Registered Perpetual Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Perpetual Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Perpetual Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Perpetual Securities to a person who is already a holder of Registered Perpetual Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five (5) business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday or a gazetted public holiday, on which banks are open for general business in the place of the specified office of the Registrar or the other relevant Transfer Agent (as the case may be).

(e) Transfers Free of Charge

Transfers of Perpetual Securities and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the other Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the other relevant Transfer Agent may require) in respect of tax or charges.

(f) Closed Periods

No Perpetual Securityholder may require the transfer of a Registered Perpetual Security to be registered (i) during the period of 15 days prior to any date on which the Perpetual Securities may be called for redemption by the Issuer at its option pursuant to Condition 5(b), (ii) after any such Perpetual Security has been called for redemption or (iii) during the period of 15 days ending on (and including) any Record Date (as defined in Condition 6(b)(ii)).

3. STATUS

(a) Senior Perpetual Securities

This Condition 3(a) applies to Perpetual Securities that are Senior Perpetual Securities (being the Perpetual Securities that specify their status as senior in the applicable Pricing Supplement). The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and rateably, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

(b) Subordinated Perpetual Securities

This Condition 3(b) applies to Perpetual Securities that are Subordinated Perpetual Securities (being the Perpetual Securities that specify their status as subordinated in the applicable Pricing Supplement).

(i) Status of Subordinated Perpetual Securities

The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and rateably, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Issuer. The rights and claims of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities are subordinated as provided in this Condition 3(b).

In these Conditions, "**Parity Obligation**" means any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the Issuer (1) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Subordinated Perpetual Securities and (2) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof.

(ii) Ranking of claims on Winding-up

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the winding-up of the Issuer, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment of principal, distribution and any other amounts in respect of the Subordinated Perpetual Securities and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer but at least *pari passu* with all other subordinated obligations of the Issuer that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities and in priority to the claims of shareholders of the Issuer and/or as otherwise specified in the applicable Pricing Supplement.

(iii) No set-off

Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

4. DISTRIBUTION AND OTHER CALCULATIONS

(I) DISTRIBUTION ON FIXED RATE PERPETUAL SECURITIES

(a) Distribution Rate and Accrual

Each Fixed Rate Perpetual Security confers a right to receive distribution on its Calculation Amount (as defined in Condition 4(II)(c)) from the Distribution Commencement Date in respect thereof and as shown on the face of such Perpetual Security at the rate per annum (expressed as a percentage) equal to the Distribution Rate shown on the face of such Perpetual Security payable in arrear on each Distribution Payment Date or Distribution Payment Dates shown on the face of such Perpetual Security in each year.

The first payment of distribution will be made on the Distribution Payment Date next following the Distribution Commencement Date (and if the Distribution Commencement Date is not a Distribution Payment Date, will amount to the Initial Broken Amount shown on the face of such Perpetual Security).

Distribution will cease to accrue on each Fixed Rate Perpetual Security from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Perpetual Security is improperly withheld or refused, in which event distribution at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(I) to the Relevant Date (as defined in Condition 7).

(b) Distribution Rate

The Distribution Rate applicable to each Fixed Rate Perpetual Security shall be:

(i) (if no Reset Date is specified in the applicable Pricing Supplement),

(A) if no Step-Up Margin is specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security; or

(B) if a Step-Up Margin is specified in the applicable Pricing Supplement, (1) for the period from (and including) the Distribution Commencement Date to (but excluding) the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (2) for the period from (and including) the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security plus the Step-Up Margin (as specified in the applicable Pricing Supplement); and

(ii) (if a Reset Date is specified in the applicable Pricing Supplement), (A) for the period from (and including) the Distribution Commencement Date to (but excluding) the First Reset Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (B) for the period from (and including) the First Reset Date and each Reset Date (as specified in the applicable Pricing Supplement) falling thereafter to (but excluding) the immediately following Reset Date, the Reset Distribution Rate.

For the purposes of these Conditions:

"**Reset Distribution Rate**" means the Swap Offer Rate or such other Relevant Rate to be specified in the applicable Pricing Supplement with respect to the relevant Reset Date plus the Initial Spread (as specified in the applicable Pricing Supplement) plus the Step-Up Margin (if applicable, as specified in the applicable Pricing Supplement); and

"**Swap Offer Rate**" means:

(aa) on the second business day prior to the relevant Reset Date (the "**Reset Determination Date**"), the swap offer rate determined by the Agent Bank for such Reset Period (being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 am London Time" under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Reset Determination Date and for a period equal to the duration of such Reset Period);

(bb) if on the Reset Determination Date, no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will, at or about the Relevant Time on the relevant Reset Determination Date in respect of each Reset Period, determine the swap offer rate for such Reset Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (expressed to four (4) decimal places)) for a period equal to the duration of such Reset Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as may be agreed between the Agent Bank and the Issuer; and

(cc) if on the Reset Determination Date, the Agent Bank is otherwise unable to determine the swap offer rate under paragraph (bb) above or if no agreement on the relevant authority is reached between the Agent Bank and the Issuer under paragraph (bb) above, the swap offer rate shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (expressed to four (4) decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about 11.00 a.m. (Singapore time) on the first business day following such Reset Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Reset Period, an amount equal to the aggregate principal amount of the relevant Fixed Rate Perpetual Securities for such Reset Period by whatever means they determine to be most appropriate, or if on such day one only or none of the Singapore offices of the Reference Banks provides the Agent Bank with such quotation, the swap offer rate for the relevant Reset Period shall be the rate per annum equal to the arithmetic mean (expressed to four (4) decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Reset Determination Date.

"**Relevant Time**" means, with respect to any Reset Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre.

"**Relevant Currency**" means the currency in which the Perpetual Securities are denominated.

"**Relevant Financial Centre**" means, in the case of distribution to be determined on a Reset Determination Date with respect to any Fixed Rate Perpetual Security, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore.

(c) Calculation of Reset Distribution Rate

The Agent Bank will, on the second business day prior to each Reset Date, determine the applicable Reset Distribution Rate payable in respect of each Perpetual Security. The Agent Bank will cause the applicable Reset Distribution Rate determined by it to be notified to the Issuing and Paying Agent, the Trustee, the Registrar and the Issuer as soon as practicable after their determination but in no event later than the fourth business day thereafter. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Agent Bank will (in the absence of manifest error) be binding on the Issuer and the Perpetual Securityholders.

(d) Publication of Relevant Reset Distribution Rate

The Agent Bank shall promptly cause notice of the then applicable Reset Distribution Rate to be notified to the Perpetual Securityholders in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth business day thereafter.

(e) Determination or Calculation by Trustee

If the Agent Bank does not at any material time for any reason so determine the applicable Reset Distribution Rate, the Trustee shall do so and such determination or calculation shall be deemed to have been made by the Agent Bank. In doing so, the Trustee shall apply the provisions of this Condition 4(I), with any necessary consequential amendments, to the extent that, in its opinion, it can do so and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(f) Calculations in relation to Fixed Rate Perpetual Securities

In the case of a Fixed Rate Perpetual Security, distribution in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Perpetual Security. The amount of distribution payable per Calculation Amount in respect of any Perpetual Security shall be calculated by multiplying the product of the applicable Distribution Rate and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

(II) DISTRIBUTION ON FLOATING RATE PERPETUAL SECURITIES

(a) Distribution Payment Dates

Each Floating Rate Perpetual Security confers a right to receive distribution on its Calculation Amount from the Distribution Commencement Date in respect thereof and as shown on the face of such Perpetual Security, and such distribution will be payable in arrear on each distribution payment date ("**Distribution Payment Date**"). Such Distribution Payment Date(s) is/are either shown hereon as Specified Distribution Payment Date(s) or, if no Specified Distribution Payment Date(s) is/are shown hereon, Distribution Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Distribution Period on the face of the Perpetual Security (the "**Specified Number of Months**") after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date (and which corresponds numerically with such preceding Distribution Payment Date or the Distribution Commencement Date, as the case may be). If any Distribution Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding business day and (B) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date is herein called a "**Distribution Period**".

Distribution will cease to accrue on each Floating Rate Perpetual Security from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event distribution will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(II) and the Agency Agreement to the Relevant Date.

(b) Rate of Distribution – Floating Rate Perpetual Securities

(i) Each Floating Rate Perpetual Security confers a right to receive distribution on its Calculation Amount at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Perpetual Security, being (in the case of

Perpetual Securities which are denominated in Singapore dollars) SIBOR (in which case such Perpetual Security will be a SIBOR Perpetual Security) or Swap Rate (in which case such Perpetual Security will be a Swap Rate Perpetual Security) or in any other case (or in the case of Perpetual Securities which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Perpetual Security.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Perpetual Security. The "**Spread**" is the percentage rate per annum specified on the face of such Perpetual Security as being applicable to the rate of distribution for such Perpetual Security. The rate of distribution so calculated shall be subject to Condition 4(III)(a) below.

The rate of distribution payable in respect of a Floating Rate Perpetual Security from time to time is referred to in these Conditions as the "**Rate of Distribution**".

(ii) The Rate of Distribution payable from time to time in respect of each Floating Rate Perpetual Security will be determined by the Agent Bank on the basis of the following provisions:

(1) in the case of Floating Rate Perpetual Securities which are SIBOR Perpetual Securities:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page as may be provided hereon) and as adjusted by the Spread (if any);

(B) if no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Perpetual Securities. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (expressed to four (4) decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

(C) if on any Distribution Determination Date two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of

Distribution for the relevant Distribution Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and

(D) if on any Distribution Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (expressed to four (4) decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Perpetual Securities which are Swap Rate Perpetual Securities:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00hrs London Time" under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any);

(B) if on any Distribution Determination Date no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (expressed to four (4) decimal places)) for a period equal to the duration of such Distribution Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as may be agreed between the Agent Bank and the Issuer; and

(C) if on any Distribution Determination Date the Agent Bank is otherwise unable to determine the Rate of Distribution under paragraph (b)(ii)(2)(B) above or if no agreement on the relevant authority is reached between the Agent Bank and the Issuer under paragraph (b)(ii)(2)(B) above, the Rate of Distribution shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (expressed to four (4) decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about 11.00 a.m. (Singapore time) on the first business day following such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Agent Bank with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (expressed to four (4) decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Distribution Determination Date and as adjusted by the Spread (if any);

(3) in the case of Floating Rate Perpetual Securities which are not SIBOR Perpetual Securities or Swap Rate Perpetual Securities or which are denominated in a currency other than Singapore dollars, the Agent Bank will determine the Rate of Distribution in respect of any Distribution Period at or about the Relevant Time on the Distribution Determination Date in respect of such Distribution Period as follows:

(A) if the Primary Source (as defined below) for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Distribution in respect of such Distribution Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Distribution Determination Date,

and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Distribution Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Distribution Determination Date, subject as provided below, the Rate of Distribution shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (expressed to four (4) decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Distribution Determination Date and as adjusted by the Spread (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Distribution shall be the Rate of Distribution determined on the previous Distribution Determination Date.

(iii) On the last day of each Distribution Period, the Issuer will pay distribution on each Floating Rate Perpetual Security to which such Distribution Period relates at the Rate of Distribution for such Distribution Period.

(iv) For the avoidance of doubt, in the event that the Rate of Distribution in relation to any Distribution Period is less than zero, the Rate of Distribution in relation to such Distribution Period shall be equal to zero.

(c) Definitions

As used in these Conditions:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"**business day**" means:

(i) (in the case of Perpetual Securities denominated in Singapore Dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and (in the case of the Euroclear and Clearstream Issuing and Paying Agent, Euroclear and Clearstream Agent Bank, Euroclear and Clearstream Registrar or Euroclear and Clearstream Transfer Agent) Hong Kong;

(ii) (in the case of Perpetual Securities denominated in euro) a day on which the TARGET System is open for settlement of payment in euro and in Hong Kong; and

(iii) (in the case of Perpetual Securities denominated in a currency other than Singapore Dollars and euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets are open for business in Singapore and (in the case of the Euroclear and Clearstream Issuing and Paying Agent, Euroclear and Clearstream Agent Bank, Euroclear and Clearstream Registrar or Euroclear and Clearstream Transfer Agent) Hong Kong and the principal financial centre for that currency;

"**Calculation Amount**" means the amount specified as such on the face of any Perpetual Security or, if no such amount is so specified, the Denomination Amount of such Perpetual Security as shown on the face thereof;

"**Distribution Commencement Date**" means the Issue Date or such other date as may be specified as the Distribution Commencement Date on the face of such Perpetual Security;

"**Distribution Determination Date**" means, in respect of any Distribution Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Perpetual Security and in the case where the Agent Bank determines the Swap Offer Rate, (for the purpose of making such a determination only and not for any other purpose) a business day is deemed to include (i) (in the case of Perpetual Securities denominated in Singapore Dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in London; (ii) (in the case of Perpetual Securities denominated in euro) a day on which the TARGET System is open for settlement of payment in euro in London; and (iii) (in the case of Perpetual Securities denominated in a currency other than Singapore Dollars and euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets are open for business in London;

"**euro**" means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

"**Primary Source**" means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Bloomberg agency or the Reuters Monitor Money Rates Service ("**Reuters**")) agreed to by the Agent Bank;

"**Reference Banks**" means the institutions specified as such in the applicable Pricing Supplement or, if none, three major banks selected by the Agent Bank in the interbank market that is most closely connected with the Benchmark;

"**Relevant Currency**" means the currency in which the Perpetual Securities are denominated;

"**Relevant Financial Centre**" means, in the case of distribution to be determined on a Distribution Determination Date with respect to any Floating Rate Perpetual Security, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"**Relevant Rate**" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Distribution Period;

"**Relevant Time**" means, with respect to any Distribution Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg agency and Reuters) and such other information service as may be specified by the Agent Bank as may be specified in the applicable Pricing Supplement for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

(III) CALCULATIONS

(a) Determination of Rate of Distribution and Calculation of Distribution Amounts

The Agent Bank will, as soon as practicable after the Relevant Time on each Distribution Determination Date determine the Rate of Distribution and calculate the amount of distribution payable (the "**Distribution Amounts**") in respect of each Calculation Amount of the relevant Floating Rate Perpetual Securities for the relevant Distribution Period. The amount of distribution payable per Calculation Amount in respect of any Floating Rate Perpetual Security shall be calculated by multiplying the product of the Rate of Distribution and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Agent Bank will cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to the Issuing and Paying Agent, the Trustee and the Issuer as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Perpetual Securities, if so required by the Issuer, the Agent Bank will also cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to Perpetual Securityholders in accordance with Condition 14 as soon as possible after their determination. The Distribution Amounts and the Distribution Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period by reason of any Distribution Payment Date not being a business day. If an Enforcement Event occurs in relation to the Floating Rate Perpetual Securities, the Rate of Distribution and Distribution Amounts payable in respect of the Floating Rate Perpetual Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Distribution and Distribution Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Agent Bank does not at any material time determine or calculate the Rate of Distribution for a Distribution Period or any Distribution Amount, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition 4, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) Agent Bank and Reference Banks

The Issuer will procure that, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be an Agent Bank. If any Reference Bank or Agent Bank (acting through its relevant office) is unable or unwilling to continue to act as such or if the Agent Bank fails duly to establish the Rate of Distribution for any Distribution Period or to calculate the Distribution Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign from its duties without a successor having been appointed as aforesaid.

(IV) DISTRIBUTION DISCRETION

(a) Optional Payment

If Optional Payment is set out hereon, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (an "**Optional Payment Notice**") to the Trustee and the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 20 nor less than five business days (or such other notice period as may be specified hereon) prior to a scheduled Distribution Payment Date.

If Dividend Pusher is set out hereon, the Issuer may not elect to defer any distribution if during the "Reference Period" (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following have occurred:

(i) a dividend, distribution or other payment has been declared or paid on or in respect of any of the Issuer's Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's Parity Obligations; or

(ii) any of the Issuer's Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group (as defined in the Trust Deed) or (2) as a result of the exchange or conversion of Parity Obligations of the Issuer for the Junior Obligations of the Issuer (a "**Compulsory Distribution Payment Event**") and/or as otherwise specified in the applicable Pricing Supplement.

In these Conditions, "**Junior Obligation**" means any ordinary shares of the Issuer and any class of the Issuer's share capital and any other instruments or securities (including without limitation any preference shares, preferred units or subordinated perpetual securities) issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank, whether by its terms or by operation of law, junior to the Perpetual Securities.

If Dividend Pusher is set out hereon, each Optional Payment Notice shall be accompanied, in the case of the notice to the Trustee and the Issuing and Paying Agent, by a certificate signed by a duly authorised officer of the Issuer confirming that no Compulsory Distribution Payment Event has occurred during the relevant Reference Period. Any such certificate shall be conclusive evidence that no Compulsory Distribution Payment Event has occurred during the relevant Reference Period and the Trustee and the Issuing and Paying Agent shall be entitled to rely without any obligation to verify the same and without liability to any Perpetual Securityholder or any other person on any Optional Payment Notice or any certificate as aforementioned. Each Optional Payment Notice shall be conclusive and binding on the Perpetual Securityholders.

(b) No obligation to pay

If Optional Payment is set out hereon and subject to Condition 4(IV)(c) and Condition 4(IV)(d), the Issuer shall have no obligation to pay any distribution on any Distribution Payment Date and any failure to pay a distribution in whole or in part shall not constitute a default of the Issuer in respect of the Perpetual Securities.

(c) Non-Cumulative Deferral and Cumulative Deferral

(i) If Non-Cumulative Deferral is set out hereon, any distribution deferred pursuant to this Condition 4(IV) is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid ("**Optional Distribution**") (in whole or in part) by complying with the notice requirements in

Condition 4(IV)(e). There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to this Condition 4(IV).

Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis.

(ii) If Cumulative Deferral is set out hereon, any distribution deferred pursuant to this Condition 4(IV) shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(IV)(a)) further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to this Condition 4(IV) except that this Condition 4(IV)(c) shall be complied with until all outstanding Arrears of Distribution have been paid in full.

(iii) If Additional Distribution is set out hereon, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Distribution Rate or Rate of Distribution (as the case may be) and the amount of such interest (the "**Additional Distribution Amount**") with respect to Arrears of Distribution shall be due and payable pursuant to this Condition 4 and shall be calculated by applying the applicable Distribution Rate or Rate of Distribution (as the case may be) to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the foregoing provisions of this Condition 4. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

(d) Distribution Stopper

If Dividend Stopper is set out hereon and on any Distribution Payment Date, payments of all distributions scheduled to be made on such date are not made in full by reason of this Condition 4(IV), the Issuer shall not and shall procure that none of its subsidiaries shall:

(i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Issuer's Junior Obligations or in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's Parity Obligations; or

(ii) redeem, reduce, cancel, buy-back or acquire for any consideration and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of any of the Issuer's Junior Obligations or in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's Parity Obligations,

in each case other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group or (2) as a result of the exchange or conversion of Parity Obligations of the Issuer for Junior Obligations of the Issuer, unless and until (A) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (B) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (C) the Issuer is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed) of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement. For the avoidance of doubt, nothing in this Condition 4(IV)(d) shall restrict any associate of the Issuer which is not a subsidiary for the purposes of the Companies Act (Chapter 50 of Singapore) from acquiring for consideration any of the Issuer's ordinary shares.

(e) Satisfaction of Optional Distribution or Arrears of Distribution

The Issuer:

(i) may, at its sole discretion, satisfy an Optional Distribution or Arrears of Distribution, as the case may be (in whole or in part) at any time by giving notice of such election to the Trustee and the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 25 nor less than 10 business days (or such other notice period as may be specified hereon) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Optional Distribution or Arrears of Distribution on the payment date specified in such notice); and

(ii) in any event shall satisfy any outstanding Arrears of Distribution (in whole but not in part) on the earliest of:

(1) the date of redemption of the Perpetual Securities in accordance with the redemption events set out in Condition 5 (as applicable);

(2) the next Distribution Payment Date following the occurrence of a breach of Condition 4(IV)(d) or following the occurrence of a Compulsory Distribution Payment Event; and

(3) the date such amount becomes due under Condition 9 or on a winding-up of the Issuer.

Any partial payment of an Optional Distribution or Arrears of Distribution, as the case may be, by the Issuer shall be shared by the Perpetual Securityholders of all outstanding Perpetual Securities on a *pro rata* basis.

(f) No default

Notwithstanding any other provision in these Conditions, the non-payment of any distribution payment in accordance with this Condition 4(IV) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 9) on the part of the Issuer under the Perpetual Securities.

5. REDEMPTION AND PURCHASE

(a) No Fixed Redemption Date

The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 3 and without prejudice to Condition 9) only have the right (but not the obligation) to redeem or purchase them in accordance with the following provisions of this Condition 5.

(b) Redemption at the Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) to (but excluding) the date fixed for redemption.

All Perpetual Securities in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 5(b).

In the case of a partial redemption of the Perpetual Securities, the notice to Perpetual Securityholders shall also contain the certificate numbers of the Bearer Perpetual Securities or, in the case of Registered Perpetual Securities, shall specify the principal amount of Registered Perpetual Securities drawn and the holder(s) of such Registered Perpetual Securities, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws. So long as the Perpetual Securities are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Perpetual Securities.

(c) Redemption for Taxation Reasons

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of:

(i) any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements (including a decision of a court of competent jurisdiction), which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement and such obligations cannot be avoided by the Issuer taking reasonable measures available to it; or

(ii) the Issuer receiving a ruling by the Comptroller of Income Tax (or other relevant authority) which confirms that:

(A) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) and Section 13 of the Income Tax Act (Chapter 134 of Singapore) (the "**ITA**") and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations; or

(B) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption and/or concessionary tax rate on interest for "qualifying debt securities" under the ITA,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by a duly authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal, tax or any other professional advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change, amendment or ruling by the Comptroller of Income Tax (or other relevant authority).

(d) Redemption for Accounting Reasons

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time prior to or after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council, as amended from time to time (the "**SFRS**") or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of the Issuer pursuant to the Relevant Accounting Standard.

Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the Issuer shall deliver to the Trustee:

(i) a certificate, signed by the duly authorised officer(s) of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

(ii) an opinion of the Issuer's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard has taken effect or is due to take effect.

Upon the expiry of any such notice as is referred to in this Condition 5(d), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(d).

(e) Redemption for Tax Deductibility

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders and Trustee (which notice shall be irrevocable), at their

Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if:

(i) the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:

(A) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date;

(B) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or

(C) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position issued or announced before the Issue Date; or

(ii) as a result of the Issuer receiving a ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA,

payments by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, fully deductible by the Issuer for Singapore income tax purposes.

Prior to the publication of any notice of redemption pursuant to this Condition 5(e), the Issuer shall deliver or procure that there is delivered to the Trustee:

(1) a certificate, signed by an authorised signatory of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

(2) an opinion of the Issuer's independent tax or legal adviser of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the tax regime or ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) has taken effect or is due to take effect.

Upon the expiry of any such notice as is referred to in this Condition 5(e), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(e).

(f) Redemption in the case of Minimal Outstanding Amount

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption

Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Upon the expiry of any such notice as is referred to in this Condition 5(f), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(f).

(g) Purchases

The Issuer or any of its subsidiaries may at any time purchase Perpetual Securities at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Perpetual Securities purchased by the Issuer or any of its subsidiaries may be surrendered by the purchaser through the Issuer to, in the case of Bearer Perpetual Securities, the Issuing and Paying Agent and, in the case of Registered Perpetual Securities, the Registrar for cancellation or may at the option of the Issuer or relevant subsidiaries be held or resold.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(h) Cancellation

All Perpetual Securities purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered for cancellation, in the case of Bearer Perpetual Securities, by surrendering each such Perpetual Security together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent at its specified office and, in the case of Registered Perpetual Securities, by surrendering the Certificate representing such Perpetual Securities to the Registrar and, in each case, if so surrendered, shall, together with all Perpetual Securities redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Perpetual Securities or Certificates so surrendered for cancellation may not be reissued or resold.

6. PAYMENTS

(a) Principal and Distribution in respect of Bearer Perpetual Securities

Payments of principal and distribution in respect of Bearer Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Perpetual Securities or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) Principal and Distribution in respect of Registered Perpetual Securities

(i) Payments of principal in respect of Registered Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 6(b)(ii).

(ii) Distribution on Registered Perpetual Securities shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of distribution on each Registered Perpetual Security shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or to the first named of joint holders) of such Perpetual Security at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of distribution may be made by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

(iii) In respect of Perpetual Securities cleared through Euroclear and/or Clearstream, Luxembourg, all payments in respect of Perpetual Securities represented by Global Securities or, as the case may be, Global Certificates will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment (where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January).

(c) Payments subject to law etc.

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7, and (ii) any withholding or deduction from any payment which any Agent makes under the Agency Agreement for or on account of any present or future taxes, duties, assessments or government charges applicable solely to such Agent if and to the extent so required by any applicable law, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto, on such Agent. No commission or expenses shall be charged to the Perpetual Securityholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The Issuing and Paying Agent, the Agent Bank, the Transfer Agent and the Registrar initially appointed by the Issuer and their respective specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any of the Agents in accordance with the terms of the Agency Agreement and to appoint additional or other Agents, provided that it will at all times maintain (i) an Issuing and Paying Agent having a specified office in Singapore, (ii) an Agent Bank having a specified office in Singapore, (iii) a Transfer Agent in relation to Registered Perpetual Securities, having a specified office in Singapore and (iv) a Registrar in relation to Registered Perpetual Securities, having a specified office in Singapore, where the Conditions so require.

Notice of any such change or any change of any specified office will promptly be given to the Perpetual Securityholders in accordance with Condition 14.

The Agency Agreement may be amended by the Issuer, the Trustee and the Agents, without the consent of Perpetual Securityholders or Couponholders, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Trustee and the Agents may mutually deem necessary or desirable and which shall not be materially prejudicial to the interests of Perpetual Securityholders or Couponholders.

(e) Unmatured Coupons and unexchanged Talons

(i) Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities should be surrendered for payment together with all unmatured Coupons (if any) relating to such Perpetual Securities, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of three years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

(ii) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Perpetual Security comprising a Floating Rate Perpetual Security, unmatured Coupons relating to such Perpetual Security (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Perpetual Security, any unexchanged Talon relating to such Perpetual Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Perpetual Security comprising a Floating Rate Perpetual Security is presented for redemption without all unmatured Coupons, and where any Bearer Perpetual Security is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption or repayment of any Perpetual Security is not a due date for payment of distribution, distribution accrued from the preceding due date for payment of distribution or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Perpetual Security or Certificate.

(f) Talons

On or after the Distribution Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Perpetual Security, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

(g) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Perpetual Security or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further distribution or other payment in respect of any such delay.

7. TAXATION

(a) Payment after Withholding

All payments in respect of the Perpetual Securities and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Perpetual Security or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

(i) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore (including, without limitation, the holder being (A) a resident in Singapore for tax purposes or (B) a non-resident of Singapore who has been granted an exemption by the Inland Revenue Authority of Singapore in respect of the requirement to withhold tax on payments made to it) otherwise than by reason only of the holding of such Perpetual Security or Coupon or the receipt of any sums due in respect of such Perpetual Security or Coupon; or

(ii) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

(b) Interpretation

As used in these Conditions, "**Relevant Date**" in respect of any Perpetual Security or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Perpetual Securityholders in accordance with Condition 14 that, upon further presentation of the Perpetual Security (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Perpetual Securities, all Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, "**distribution**" shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 4 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**distribution**" shall be deemed to include any additional amounts, principal, premium, Redemption Amount or distribution (as the case may be) which may be payable under these Conditions.

8. PRESCRIPTION

Claims against the Issuer for payment in respect of the Perpetual Securities and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within three (3) years from the appropriate Relevant Date for payment.

9. NON-PAYMENT

(a) Non-payment when due

Notwithstanding any of the provisions below in this Condition 9, the right to institute proceedings for winding-up is limited to circumstances set out in Condition 9(b). In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 4(IV). In addition, nothing in this Condition 9, including any restriction on commencing proceedings, shall in any way restrict or limit the rights of the Trustee or any of its directors, officers, employees or agents to claim from or to otherwise take any action against the Issuer in respect of any costs, charges, fees, expenses or liabilities incurred by such party pursuant to or in connection with the Perpetual Securities or the Trust Deed.

(b) Proceedings for Winding-Up

If (i) a final and effective order is made or an effective resolution is passed for the winding-up of the Issuer or (ii) the Issuer fails to make payment in respect of the Perpetual Securities when due and such failure continues for a period of seven (7) business days after the due date (together, the "**Enforcement Events**"), the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d), institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment.

(c) Enforcement

Without prejudice to Condition 9(b) but subject to the provisions of Condition 9(d) at any time after the Perpetual Securities shall have become due and payable, the Trustee may, at its discretion and without further notice to the Issuer institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Perpetual Securities or the Trust Deed, as the case may be, (other than any payment obligation of the Issuer under or arising from the Perpetual Securities, including, without limitation, payment of any principal or premium or satisfaction of any distributions (including any damages awarded for breach of any obligations)) provided that in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

(d) Entitlement of Trustee

The Trustee shall not and shall not be obliged to take any of the actions referred to in Condition 9(b) or Condition 9(c) against the Issuer to enforce the terms of the Trust Deed or the Perpetual Securities unless (i) it shall have been so directed by an Extraordinary Resolution of the Perpetual Securityholders or so requested in writing by Perpetual Securityholders holding not less than 25 per cent. in principal amount of the Perpetual Securities outstanding and (ii) it shall have been indemnified and/or secured by the Perpetual Securityholders to its satisfaction.

(e) Right of Perpetual Securityholders or Couponholder

No Perpetual Securityholder or Couponholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up or claim in the liquidation of the Issuer or to prove in such winding-up unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or claim in such liquidation, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing, in which case the Perpetual Securityholder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 9.

(f) Extent of Perpetual Securityholders' remedy

No remedy against the Issuer, other than as referred to in this Condition 9, shall be available to the Trustee or the Perpetual Securityholders or Couponholders, whether for the recovery of amounts owing in respect of the Trust Deed or the Perpetual Securities or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Trust Deed or the Perpetual Securities (as applicable).

10. MEETING OF PERPETUAL SECURITYHOLDERS AND MODIFICATIONS

(a) The Trust Deed contains provisions for convening meetings of Perpetual Securityholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Perpetual Securities of such Series (including these Conditions insofar as the same may apply to such Perpetual Securities) or any of the provisions of the Trust Deed.

(b) The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Perpetual Securityholders holding not less than 25 per cent. in principal amount of the Perpetual Securities of any Series for the time being outstanding shall, convene a meeting of the Perpetual Securityholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Perpetual Securityholders of the relevant Series (save where provided to the contrary in the Trust Deed and these Conditions), whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of redemption of the Perpetual Securities or any date for payment of distribution or Distribution Amounts on the Perpetual Securities, (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Perpetual Securities, (iii) to reduce the rate or rates of distribution in respect of the Perpetual Securities or to vary the method or basis of calculating the rate or rates of distribution or the basis for calculating any Distribution Amount in respect of the Perpetual Securities, (iv) to vary any method of, or basis for, calculating the Redemption Amount, (v) to vary the currency or currencies of payment or denomination of the Perpetual Securities, (vi) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (vii) to modify the provisions concerning the quorum required at any meeting of Perpetual Securityholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Perpetual Securityholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

(c) The Trustee may agree, without the consent of the Perpetual Securityholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear, Clearstream, Luxembourg, the CDP and/or any other clearing system in which the Perpetual Securities may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Perpetual Securityholders.

Any such modification, authorisation or waiver shall be binding on the Perpetual Securityholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Perpetual Securityholders as soon as practicable.

(d) In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation determination or substitution), the Trustee shall have regard to the general interests of the Perpetual Securityholders as a class but shall not have regard to any interests arising from circumstances particular to individual Perpetual Securityholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Perpetual Securityholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Perpetual Securityholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Perpetual Securityholders or Couponholders.

(e) These Conditions may be amended, modified, or varied in relation to any Series of Perpetual Securities by the terms of the relevant Pricing Supplement in relation to such Series.

11. REPLACEMENT OF PERPETUAL SECURITIES, CERTIFICATES, COUPONS AND TALONS

If a Perpetual Security, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, at the specified office of the Issuing and Paying Agent (in the case of Bearer Perpetual Securities, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or, as the case may be, Transfer Agent, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Perpetual Securityholders in accordance with Condition 14, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Perpetual Security, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Perpetual Security, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Perpetual Securities, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

12. FURTHER ISSUES

The Issuer may from time to time without the consent of the Perpetual Securityholders or Couponholders create and issue further perpetual securities having the same terms and conditions as the Perpetual Securities of any Series and so that the same shall be consolidated and form a single Series with such Perpetual Securities, and references in these Conditions to "**Perpetual Securities**" shall be construed accordingly.

13. PROVISIONS RELATING TO THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and to act as trustee of the holders of any other securities issued by, or relating to, the Issuer, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Perpetual Securityholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trust Deed also provides that the Trustee will not be liable to the Perpetual Securityholders and/or Couponholders for, *inter alia*, any action taken or omitted by it except to the extent that a court of competent jurisdiction determines that the Trustee's gross negligence, wilful default or fraud was the primary cause of any loss to the Perpetual Securityholders, and that each Perpetual Securityholder shall be solely responsible for making and continuing to make its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Perpetual Securityholder shall not rely on the Trustee in this respect thereof.

14. NOTICES

Notices to the holders of Perpetual Securities will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Perpetual Securities can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. In addition, notices to the holders of Registered Perpetual Securities shall be valid if mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Perpetual Securities in accordance with this Condition 14.

So long as the Perpetual Securities are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the CDP, there may be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the CDP) the CDP for communication by it to the Perpetual Securityholders, except that if the Perpetual Securities are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Perpetual Securityholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the CDP.

Notices to be given by any Perpetual Securityholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relevant Perpetual Security or Perpetual Securities, with the Issuing and Paying Agent (in the case of Bearer Perpetual Securities) or the Registrar (in the case of Certificates). Whilst the Perpetual Securities are represented by a Global Security or a Global Certificate, such notice may be given by any Perpetual Securityholder to the Issuing and Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg and/or the CDP in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg and/or the CDP may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identities and addresses of all the Perpetual Securityholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given two days from the date of despatch to the Perpetual Securityholders.

15. GOVERNING LAW

The Perpetual Securities, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT (CHAPTER 53B OF SINGAPORE)

No person shall have any right under the Contracts (Rights of Third Parties) Act (Chapter 53B of Singapore) to enforce or enjoy the benefit of any term or condition of the Perpetual Securities.

CDP ISSUING AND PAYING AGENT, CDP AGENT BANK, CDP REGISTRAR AND CDP TRANSFER AGENT

The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch
20 Pasir Panjang Road (East Lobby)
#12-21 Mapletree Business City
Singapore 117439

EUROCLEAR AND CLEARSTREAM ISSUING AND PAYING AGENT, EUROCLEAR AND CLEARSTREAM AGENT BANK, EUROCLEAR AND CLEARSTREAM REGISTRAR AND EUROCLEAR AND CLEARSTREAM TRANSFER AGENT

The Hongkong and Shanghai Banking Corporation Limited
Level 30
HSBC Main Building
1 Queen's Road Central, Hong Kong

THE ISSUER

1. History and Background

The Issuer was incorporated in Singapore on 15 December 1967 under the Companies Act as a private limited company under the name of International Hotel Private Limited. On 5 September 1969, it was converted to a public company and adopted the name International Hotel Limited. In 1971, the principal activity of International Hotel Limited was the ownership and operation of the then Singapore Hyatt Hotel.

In December 1972, it applied to the then Kowloon Stock Exchange for listing and was admitted to its Official List on 6 December 1972. In view of its relatively small number of shareholders in Hong Kong and the low trading volume of the shares on The Stock Exchange of Hong Kong Limited ("**HKSE**"), the Issuer decided to withdraw its secondary listing status on the HKSE. The withdrawal took effect on 15 July 1992.

On 15 August 1980, the Issuer changed its name from International Hotel Limited to Hong Fok Corporation Limited and was later admitted to the Official List of the SGX-ST on 8 July 1981. The Issuer is currently listed on the Main Board of the SGX-ST.

In 1972, the Issuer incorporated its first subsidiary in Hong Kong, Hong Fok Investment Holding Company, to undertake property development in Hong Kong.

As the emphasis of the Group's activities turned increasingly toward property development, the Issuer's original investment, the then Singapore Hyatt Hotel, was disposed of in 1976 and the proceeds re-invested in development activities in Hong Kong. The Singapore investments of the Group were substantially increased in May 1977 when the Issuer acquired, by way of a share issue, all the issued share capital of Yat Yuen Hong Holdings Pte. Ltd. ("**YYHH**") which was engaged in property investment and development in Singapore. As a result of the acquisition of YYHH, together with its then subsidiary company, Yat Yuen Hong Company Private Limited ("**YYH**")[1], the Group acquired interests in a number of properties, including International Building. YYH's principal source of revenue is rental income received from International Building.

In October 1989, the Group recommenced the construction of The Concourse, its multi-million-dollar mixed-development project in Singapore which was temporarily shelved in 1984 due to weak property market conditions in the mid-1980s.

The Group embarked on a corporate re-organisation exercise in the early 1990s which involved, amongst other things, the sale of the Group's interests in property investment, building construction and horticultural activities in Hong Kong to Winfoong Investment Limited. The objective of the corporate re-organisation was to shift the Group's activities in property investment, building construction and horticultural activities in Hong Kong under Winfoong Investment Limited and its subsidiaries while the Issuer would continue to focus on property investment, property development and construction activities in Singapore.

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[1] YYH was incorporated as a company limited by shares on 23 June 1953 with the name "Yat Yuen Hong Company Private Limited" and, on 26 November 1986, was converted to a public company with the name "Yat Yuen Hong Company Limited".

As at the Latest Practicable Date, the corporate structure of the Group is as follows:

- **Hong Fok Corporation Limited**
  - Biogem International Pte Ltd
  - Broadway Development Pte Ltd
  - Cecil Land Development Pte. Ltd.
  - HFC Ventures.com Co Pte Ltd
  - Highfeature.com Co Pte Ltd
  - Hong Fok Homes Pte Ltd
  - Hong Fok Nominees Pte. Ltd.
  - Hong Fok Realty Pte. Ltd.
  - Rasco Pte Ltd
  - Turie Pte Ltd
  - Vista Parking Services Pte Ltd
  - Warranty Management Pte Ltd
  - Yat Yuen Hong Holdings Pte. Ltd.
  - Bishopgate Holdings Limited (BVI)
  - Gold Triumph Assets Limited (BVI)
  - Yorkwin Investments Limited (BVI)
  - Defoe Pte Ltd
    - Brisco Pte Ltd
  - Yat Yuen Hong Company Limited
    - Super Homes Pte. Ltd.
  - Hong Fok Land Ltd
    - Jemmax Investments Pte Ltd
  - Maincon (Building) Pte. Ltd.
    - Elegant Homes Pte. Ltd.
  - Goldease Investments Limited (BVI)
    - Arundel Trading Pte Ltd
    - Firth Enterprises Pte Ltd
    - Hong Fok Development (Newton) Pte Ltd
  - Hong Fok Corporation (H.K.) Limited (HK)
    - Hong Fok Investment Holding Company Limited (HK)
    - Hong Fok Land International Limited (HK)
    - Hong Fok Nominees Limited (HK)
    - Supreme Homes Company Limited (HK)
    - Hong Fok Enterprises Limited (HK)
  - Hong Fok Corporation (Cayman) Limited (CI) (formerly known as Hong Fok Corporation Limited (CI))

Notes:

(1) Ownership is 100% unless otherwise stated.
(2) Incorporated in Singapore unless otherwise stated.
(3) BVI - Incorporated in British Virgin Islands.
(4) HK - Incorporated in Hong Kong.
(5) CI - Incorporated in Cayman Islands.

2. Business Operations and Principal Activities

The principal activity of the Issuer is investment holding. Key businesses conducted through its subsidiaries are property investment, property development and construction and property management.

2.1 Property Investment

Key properties held for investment by the Group include the following:

(a) International Building, Orchard Road, Singapore

International Building is mainly owned by YYH and its subsidiary, Super Homes Pte Ltd. International Building is a 12-storey commercial building situated on a prime site along Orchard Road, near the junction of Orchard Road and Scotts Road.

Key tenants in International Building include Australia and New Zealand Banking Group Limited, Marie France Bodyline (S) Pte Ltd, Global Beauty International Pte. Limited, Sarika Connoisseur Café Pte. Ltd., Goldheart Jewelry Pte. Ltd. and Coca Steamboat Pte Ltd.

(b) The Concourse and retail units of Concourse Skyline, Beach Road, Singapore

The Concourse comprises a 41-storey commercial/office tower block with two basements. The retail units of Concourse Skyline's first storey shall be for investment purposes.

The Concourse was awarded the BCA Green Mark Platinum Award by the Building and Construction Authority of Singapore in December 2013.

Key tenants of The Concourse include Cargill International Trading Pte Ltd, Panasonic Asia Pacific Pte Ltd, Parsons Brinckerhoff Pte Ltd, AECOM Singapore Pte Ltd, Boehringer Ingelheim Singapore Pte Ltd, Swire Pacific Offshore Operations (Pte) Ltd, The China Navigation Co Pte Ltd, Hitachi Data Systems Pte Limited, ACI Worldwide (Asia) Pte Ltd and Federal Express Pacific Inc.

2.2 Investment Property under Development

The Group has a key investment property which is currently under development:

(a) Lot 1719L Town Subdivision 25 at Claymore Hill, Singapore; and

(b) Lot 956X Town Subdivision 25 at Orchard Road, Singapore.

In 2007, YYH acquired a piece of freehold land, Lot 1719L Town Subdivision 25 at Claymore Hill which is adjacent to the freehold land, Lot 956X Town Subdivision 25 on which International Building is situated. YYH shall use Lot 1719L together with Lot 956X for the purpose of commercial development with a gross plot ratio not exceeding 6.16.

In 2013, YYH obtained the Grant of Provisional Permission from the Urban Redevelopment Authority of Singapore for the proposed additions and alterations to existing International Building involving extension of single-storey commercial block and redevelopment of existing car park block to a new 30-storey hotel on Lots 956X and 1719L, Town Subdivision 25 at 360 Orchard Road.

In 2013, YYH also appointed Yotel Asia Pacific Pte Limited as the manager of the proposed new 30-storey hotel. The hotel will be called YOTEL Singapore Orchard Road (subject to approval of the relevant government authorities) and will feature 609 guest rooms. It is anticipated that the development will be completed in 2017.

Neither Lot 1719L Town Subdivision 25 at Claymore Hill, Singapore nor Lot 956X Town Subdivision 25 at Orchard Road, Singapore are for sale.

Summary of Investment Properties

Property	Description	Expected Date of Completion	Existing Use	Ownership	Tenure of Land	Approximate		Valuation as at 31 December 2013
						Site Area (m^2)	Gross Floor Area (m^2)	
International Building at Orchard Road, Singapore	A 12-storey commercial building centrally located at Orchard Road, a few minutes' walk from Orchard MRT station.	Completed	Offices/ Shops/ Restaurants	100%[(1)]	Freehold	2,066	14,963[(1)]	S$294,140,000
The Concourse at 300 Beach Road, Singapore	A 41-storey commercial/office tower block strategically located at Beach Road, five minutes' walk from Nicoll Highway MRT station.	Completed	Offices/ Retail	100%	99 years lease from 13 March 2008	11,715	62,931	S$971,810,000
Concourse Skyline at 302 Beach Road, Singapore	Retail units at 1st storey.	Completed	Retail	100%	99 years lease from 13 March 2008	115	619	S$18,380,000

Note:

(1) Excludes 162m^2 of floor space which are held by third parties on 999 years lease.

Summary of Investment Property under Development

Property	Description	Expected Date of Completion	Existing Use	Ownership	Tenure of Land	Approximate		Valuation as at 31 December 2013
						Site Area (m^2)	Gross Floor Area (m^2)	
Lots 1719L and 956X Town Subdivision 25 at Orchard Road/Claymore Hill, Singapore	A 30-storey 609-room hotel and a single-storey commercial block	2017	-	100%	Freehold	2,990	16,025	S$428,950,000[(1)]

Note:

(1) Relates to the land value only.

2.3 Property Development and Construction

Key development properties of the Group include the following:

(a) Concourse Skyline, Beach Road, Singapore

Concourse Skyline was developed by Hong Fok Land Ltd and Temporary Occupation Permit was obtained in March 2014. Maincon (Building) Pte Ltd, the construction arm of the Group in Singapore, is the main contractor of the Concourse Skyline.

Concourse Skyline is designed by an internationally renowned architect, Philip Cox, and comprises one to four bedroom apartments, skysuites, penthouses and super penthouses. Concourse Skyline offers facilities such as a sky garden, hot spa, sauna, wading pool, pool deck, lap pool, gymnasium, reflexology path, jacuzzi, clubhouse and barbeque pits.

Concourse Skyline is located close to amenities, within walking distance of the Kampong Glam conservation area and other major entertainment and lifestyle hubs such as the Sports Hub, Marina Bay Sands and Gardens by the Bay. It is linked to the Nicoll Highway MRT Station and conveniently accessible by major highways such as the East Coast Parkway and the Kallang-Paya Lebar Expressway.

As at the Latest Practicable Date, approximately 67 per cent. of the residential units of Concourse Skyline have been sold.

(b) Jewel of Balmoral, Balmoral Park, Singapore

The Jewel of Balmoral is a 16-unit 10-storey freehold residential development. Arundel Trading Pte Ltd purchased 13 units and Firth Enterprises Pte Ltd purchased two penthouses in July 1999. As at the Latest Practicable Date, 13 units have been sold, leaving Arundel Trading Pte Ltd owning one unit and Firth Enterprises Pte Ltd owning one penthouse.

(c) ten@suffolk, Suffolk Road, Singapore

ten@suffolk was developed by Hong Fok Development (Newton) Pte Ltd in January 2006. The building is a 37-unit part 13/part 15-storey freehold residential development. As at the Latest Practicable Date, 36 units have been sold.

Summary of Development Properties

Property	Description	Expected Date of Completion	Existing Use	Ownership	Tenure of Land	Approximate	
						Site Area (m^2)	Gross Floor Area (m^2)
Concourse Skyline at 296, 298, 302 Beach Road, Singapore	A part 4/part 7-storey podium car park and apartments with 2 blocks of part 20/part 28-storey and part 34/part 40-storey residential flats with communal facilities. Strategically located at Beach Road, five minutes' walk from Nicoll Highway MRT station.	Completed	Residential	100%[(1)]	99 years lease from 13 March 2008	8,662	46,529[(2)]
Jewel of Balmoral at Balmoral Park, Singapore	A 10-storey residential development.	Completed	Residential	100%	Freehold	1,651	332[(3)]
ten@suffolk at Suffolk Road, Singapore	A part 13/part 15-storey residential development.	Completed	Residential	100%	Freehold	1,653	126[(4)]

Notes:

(1) This is in respect of the units which are not sold.

(2) This includes units which have been sold.

(3) This represents two out of 16 units at Jewel of Balmoral.

(4) This represents one out of 37 units at ten@suffolk.

2.4 Property Management

Warranty Management Pte Ltd ("**WM**") is wholly-owned by the Issuer and was incorporated in Singapore in the year 2000. The major business activities of WM are property management and maintenance. It also provides additions and alterations and reinstatement services.

WM obtained and maintained the ISO 9001:2000 Certification since May 2006. The ISO Certification was upgraded to ISO 9001:2008 from the year 2012. WM is also a registered company with the Building and Construction Authority, Singapore for air-conditioning, refrigeration and ventilation works. In 2011, WM further obtained bizSAFE Level 3 certification.

WM's strategy is to focus on providing high quality service to its clients whilst maintaining low maintenance and management costs.

2.5 Interest in Associates

The Group has adopted various new/revised Financial Reporting Standards ("**FRS**") which have become effective for the financial year beginning on 1 January 2014.

In particular, FRS 110 *Consolidated Financial Statements* changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power with the investee, by introducing a single control model with a series of indicators to assess control. FRS 110 also adds additional context, explanation and application guidance based on the principle of control.

The Group has re-evaluated its involvement with investees under the new control model. Based on its assessment, the Group is required under FRS 110 to consolidate Winfoong International Limited and its subsidiaries as well as Hong Fok Land International Limited and its subsidiaries.

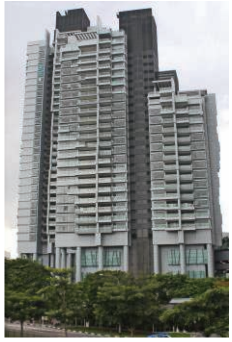
The properties listed in the sections "2. Business Operations and Principal Activities – 2.1 Property Investment" to "2. Business Operations and Principal Activities – 2.3 Property Development and Construction" and "3. Key Milestones" do not include the assets of Winfoong International Limited and its subsidiaries as well as Hong Fok Land International Limited and its subsidiaries although the results of Winfoong International Limited and its subsidiaries and Hong Fok Land International Limited and its subsidiaries are consolidated in the results that have been restated pursuant to FRS 110 where indicated in the section "8. Financial Review of the Group" below.

3. Key Milestones

Key developments and milestones of the Group include:

Year	Milestone
1972	Incorporated first subsidiary in Hong Kong, Hong Fok Investment Holding Company Limited to undertake property development in Hong Kong
1976	Disposed of Singapore Hyatt Hotel and re-invested proceeds in development activities in Hong Kong
1977	Increased Singapore investments substantially through acquisition of Yat Yuen Hong Holdings Pte. Ltd. and acquired interest in a number of properties, including International Building 
1981	Completed Grangeford, a 25-storey building with 192 residential units 
1981	Listed on the Main Board of the SGX-ST
1981	Completed La Ventura, a residential condominium building comprising 25 townhouses 
1983	Completed one block of a 2-storey terrace factory in Henderson Industrial Park
1984	Completed two blocks of a 12-storey flatted factory in Henderson Industrial Park
1984	Completed Cecil Point, a joint venture commercial project
1985	Completed one block of a 2-storey terrace factory in Henderson Industrial Park
1985 - 1986	Completed Teresa Ville, a joint venture condominium development of three 24-storey apartment blocks
1986 - 1987	Completed 10 units of a 3/4-storey terrace factory in Henderson Industrial Park
1990	Completed one block of a 14-storey flatted factory in Henderson Industrial Park

Year	Milestone
1992	Completed three blocks of a 4-storey terrace factory and one block of an 11-storey flatted factory in Henderson Industrial Park
1993	Completed one block of a 8-storey flatted factory in Henderson Industrial Park
1993 to 1994	Completed construction of The Concourse, a multi-million dollar mixed-development project 
1999	Acquired 15 units out of 16 units of Jewel of Balmoral, a 10-storey residential building 
2006	Completed ten@suffolk, a 37-unit part 13/part 15-storey freehold residential development 
2007	Acquired freehold land at Claymore Hill which is adjacent to where International Building is situated
2013	Obtained Grant of Provisional Permission from the Urban Redevelopment Authority of Singapore for the proposed additions and alterations to existing International Building involving extension of single-storey commercial block and redevelopment of existing car park block to a new 30-storey hotel on Lots 956X and 1719L, Town Subdivision 25 at 360 Orchard Road

Year	Milestone
March 2014	Completed Concourse Skyline 

4. Competitive Strengths

The Group believes that the following competitive strengths have enabled and will continue to enable it to compete effectively in the property development, property investment and property management segments of the Singapore real estate market and it is well positioned to capitalise on growth opportunities. The Group has also put in place key initiatives that will help to drive both stable and long-term growth.

4.1 Core competencies as an established real estate developer in Singapore with a proven and long standing track record spanning more than four decades

Since 1968, the Group has successfully developed a number of residential, industrial and commercial projects in Singapore. These projects include International Building, Grangeford, La Ventura, Teresa Ville, Cecil Point, Henderson Industrial Park, The Concourse and Concourse Skyline.

4.2 Highly experienced Board to set out the strategic direction of the Issuer and broad range of management skill sets to execute investment strategy

The Issuer has six Directors who have appropriate corporate experience. Of the six Directors, three are non-executive independent Directors who have accounting or related financial management experience.

The Issuer's senior management team has numerous years of experience in their respective fields and the Issuer believes that its Directors and senior management team have the relevant qualifications, are highly experienced and will be able to assist the Group to manage and expand its business activities. Please see the sections "6. Management and Corporate Governance – 6.5 Information on the Executive Directors", "6. Management and Corporate Governance – 6.6 Information on the Non-Executive Directors" and "6. Management and Corporate Governance – 6.7 Information on the Key Executive Officers" in this Information Memorandum for more details.

4.3 Good-quality Asset Base

The Group develops and manages its investment and development properties. Properties selected for investment and/or development are generally situated in prime locations in Singapore with close proximity to public amenities, educational centres, shopping malls, MRT stations and public transportation hubs.

4.4 Conservative Financial Profile

The Group has had strong financial performance supported by a conservative financial profile.

For further details, please refer to the section "8. Financial Review of the Group – 8.3 Key Financial Data".

5. Growth Strategy

The Group intends to leverage on its strengths and expertise by continuing to develop its Singapore-focused portfolio of good-quality strategically located assets in prime locations. Aside from location, the Group plans to actively manage and enhance its assets by upgrading its existing properties and by undertaking future projects to optimise the rental revenue of its investment properties by emphasizing aesthetics and design, architectural planning and facility enhancement. The Group believes that such properties will be able to better hold their value over the longer term because of their scarcity and exclusivity.

6. Management and Corporate Governance

The Board is committed to raising the standard of corporate governance within the Group in order to enhance the transparency in disclosure of material information. The Board strives to implement the best practices embodied in the Code of Corporate Governance 2012 (the "**Code**") where feasible and as far as practicable.

6.1 Board Matters

The Board's Conduct of Affairs

The Board is collectively responsible for the long-term success of the Issuer. The Board works with management to achieve this objective and management remains accountable to the Board.

In accordance with the Code, the Board has, without abdicating its responsibility, delegated the authority to make decisions to the Audit and Risk Management Committee, the Nominating Committee and the Remuneration Committee (collectively referred to as the "**Board Committees**"). Each Board Committee has its own terms of references to address their respective duties and responsibilities.

The Board held meetings on a regular basis during FY2013 to review, *inter alia*, the Issuer's and the Group's operations and financial results.

Guidelines are established to specify which material transactions require the Board's approval. These transactions include mergers and acquisitions, divestments and major capital expenditure.

Newly appointed Directors will receive appropriate training and orientation programmes to familiarise themselves with the operations of the Issuer and its major business processes.

The Issuer also funds and arranges for the Directors to receive regular training. In particular, during FY2013, the Directors attended briefings conducted by legal and audit firms engaged by the Issuer.

Board Composition and Guidance

With effect from 1 April 2013, Mr Chow Yew Hon was appointed as an independent non-executive Director, Chairman of the Remuneration Committee and the Nominating Committee and a member of the Audit and Risk Management Committee. With effect from 22 August 2013, Mr Lai Meng Seng resigned as an independent non-executive Director and a member of the Audit and Risk Management Committee. With effect from 31 January 2014, Mr Cheong Kim Pong retired as the Chairman of the Board, the Group's Chief Executive Officer ("**CEO**") and Managing Director. With effect from 30 April 2014, Mr Jackson Lee retired as a non-executive Director, lead independent Director, Chairman of the Audit and Risk Management Committee and a member of the Nominating Committee and the Remuneration Committee. With effect from 25 July 2014, Mr Lim Jun Xiong Steven was appointed as an independent non-executive Director, Chairman of the Audit and Risk Management Committee and a member of the Nominating Committee and the Remuneration Committee. With effect from 1 September 2014, Mr Chow Yew Hon was appointed as lead independent Director.

The Board now consists of six Directors, out of which, three are non-executive. The independence of each independent Director is reviewed annually by the Nominating Committee based on the provisions relating to independence as set out in the Code. Taking into account the views of the Nominating Committee, the Board is satisfied that Mr Tan Tock Han, Mr Chow Yew Hon and Mr Lim Jun Xiong Steven are deemed to be independent pursuant to the provisions of the Code. This is in compliance with the Code of Corporate Governance 2005, which recommends that independent Directors make up at least one-third of the board of directors.

The Code further requires the independence of any Director who has served on the Board beyond nine years to be rigorously reviewed. The Board having taken into account the contributions by Mr Tan Tock Han, determined Mr Tan Tock Han to be independent notwithstanding that he has served on the Board beyond nine years. Mr Tan Tock Han has contributed effectively by providing impartial and autonomous views, advice and judgement. He has continued to demonstrate strong independence in character and mind and the Board is of the opinion that his length of service has not, in any way, diminished his independence.

The Board is of the view that the size of the Board is appropriate for the needs and demands of the Issuer's and the Group's operations.

During FY2013, the non-executive Directors constructively challenged and helped the management develop proposals on business strategies for the Issuer and the Group. The Board also reviews the performance of the management in achieving agreed goals and objectives for the Issuer and the Group, and monitors the reporting of performance.

Chairman and Chief Executive Officer

During FY2013, Mr Cheong Kim Pong was both the Chairman of the Board, as well as the Group's CEO and Managing Director. Given the size and that the Issuer's and the Group's current business operations and administration have been relatively stable and straightforward, the Board was satisfied that one person was able to effectively discharge the duties of both positions.

With effect from 31 January 2014, Mr Cheong Kim Pong resigned as a director and Mr Cheong Pin Chuan and Mr Cheong Sim Eng were appointed as Joint Chairmen of the Board and as Joint CEOs and Managing Directors of the Issuer.

Board Membership

Key information on the Directors, such as whether they are executive, non-executive, or considered by the Nominating Committee to be independent, as well as details of their academic and professional qualifications and other particulars are set out in the sections "6. Management and Corporate Governance – 6.5 Information on the Executive Directors" and "6 – Management and Corporate Governance – 6.6 Information on the Non-Executive Directors".

With effect from 1 April 2013, a nominating committee of the Issuer (the "**Nominating Committee**") was established. The current members of the Nominating Committee are Mr Chow Yew Hon (Chairman of the Nominating Committee), Mr Tan Tock Han and Mr Lim Jun Xiong Steven.

According to the Nominating Committee's terms of reference, the Nominating Committee's duties and responsibilities are as follows:

(a) determining annually, and as and when circumstances require, whether a Director is independent, and providing its views to the Board in relation thereto for the Board's consideration;

(b) reviewing the independence of any Director who has served on the Board for more than nine years from the date of his first appointment and the reasons for considering him as independent;

(c) where a Director or proposed Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a director, taking into consideration the Director's number of listed company board representations and other principal commitments[2];

(d) where the appointment of an alternate Director to a Director is proposed, determining whether the alternate Director is familiar with the Issuer's affairs, appropriately qualified and (in the case of an alternate Director to an independent Director) whether the alternate Director would similarly qualify as an independent Director, and providing its views to the Board in relation thereto for the Board's consideration;

(e) making recommendations to the Board on relevant matters relating to:

    (i) the review of Board succession plans for Directors, in particular, the Chairman and for the CEO;

    (ii) the development of a process for evaluation of the performance of the Board, its Board Committees and Directors;

    (iii) the review of training and professional development programs for the Board; and

    (iv) the appointment and re-appointment of Directors (including alternate Directors, if applicable);

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2 The term "**principal commitments**" shall include all commitments which involve significant time commitment such as full time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisation. Where a Director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

(f) proposing objective performance criteria for evaluation of the Board's performance as a whole which allows for comparison with industry peers and address how the Board has enhanced long-term shareholder value;

(g) carrying out, at least annually, a formal assessment of the performance and effectiveness of the Board as a whole and its Board Committees and (if applicable) the contributions of individual Directors to the effectiveness of the Board, based on the process implemented by the Board; and

(h) based on the results of the performance evaluation, providing its views and recommendations to the Board, including any appointment of new members.

No limit on the number of Board representations which a Director may hold has been imposed by the Nominating Committee or the Board as the Directors have demonstrated their commitment and effectiveness in discharging their duties and responsibilities and avoiding actual or potential conflicts of interest from serving on other Boards. The Nominating Committee, in assessing the performance of each individual Director, considers whether sufficient time and attention has been given by the Director to the affairs of the Issuer. It also has regard to the Director's other Board memberships and commitments.

All new appointments and selection of Directors are reviewed and proposed by the Nominating Committee. The Nominating Committee will first identify suitable candidates for Board membership through, *inter alia*, recommendations from current Board members, searches conducted by external search consultants or the Singapore Institute of Directors and other referrals. For existing Directors who retire and stand for re-election, based on an evaluation, the Nominating Committee will make recommendations for the re-nomination of such Directors.

Board Performance

The Board supervises the management of the business and affairs of the Issuer and the Group. Apart from its statutory duties, the Board reviews and approves the Issuer's and the Group's strategic plans, key operational initiatives, major investments and funding decisions and annual business plans, and reviews the financial performance of the Issuer and the Group. For FY2013, the Board also evaluated the performance and compensation of key management personnel[3].

In FY2013, the Remuneration Committee, in consultation with Hay Group Pte Ltd. ("**Hay Group**"), recommended to the Board specific remuneration packages appropriate for each Director. During this process, the Remuneration Committee assessed the contributions and performance of each Director in addition to considering other factors. For FY2013, the Issuer did not have a formal assessment process for the Board and its Board Committees, and will be adopting and implementing a formal assessment process to be carried out by the Nominating Committee.

Access to Information

The Board has separate and independent access to management and the Company Secretary. Management provides the Board with reports of the Issuer's and the Group's performance, financial position and prospects, and these are reviewed by the Board at each Board meeting. Directors may obtain independent professional advice in furtherance of their duties, at the Issuer's and the Group's expense.

[3] "**Key management personnel**" shall mean the CEO and any other persons having authority and responsibility for planning, directing and controlling the activities of the Group.

6.2 Remuneration Matters

With effect from 1 April 2013, a remuneration committee of the Issuer (the "**Remuneration Committee**") was established. The current members of the Remuneration Committee are Mr Chow Yew Hon (Chairman of the Remuneration Committee), Mr Tan Tock Han and Mr Lim Jun Xiong Steven.

According to the Remuneration Committee's terms of reference, the Remuneration Committee's principal functions are as follows:

(a) reviewing and recommending to the Board, a general framework of remuneration for the Directors and key management personnel;

(b) reviewing and recommending annually to the Board, the specific remuneration packages for each Director as well as for the key management personnel, and in its review, to cover all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind;

(c) reviewing annually the remuneration of employees who are immediate family members[4] of a Director or CEO whose remuneration exceeds S$50,000 during the year;

(d) reviewing the Group's obligations arising in the event of termination of the executive Directors and key management personnel's contracts of service;

(e) ensuring that existing relationships, if any, between the Issuer and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants; and

(f) reviewing whether executive Directors, non-executive and independent Directors and key management personnel should be eligible for options, share incentives, awards and other benefits under the schemes.

The Group's remuneration policy is to provide remuneration packages which will reward, retain and motivate its executives and Directors. During FY2013, Hay Group was appointed as the remuneration consultants of the Issuer. The Issuer does not have any relationship with Hay Group that could affect Hay Group's independence and objectivity.

The Remuneration Committee, in consultation with Hay Group, will recommend to the Board specific remuneration packages appropriate for each Director. The Board will then review and, if it deems fit, approve these accordingly.

The remuneration packages paid to the executive Directors and key management personnel are linked to the performance of the Issuer and each individual. No Director or member of the Remuneration Committee is involved in deciding his or her own remuneration.

In reviewing the remuneration of non-executive Directors, the Remuneration Committee and the Hay Group have taken into consideration the knowledge and expertise of each individual non-executive Director, the responsibilities vested upon them and the time commitment required from the non-executive Directors given the complexities of the business and the business structure.

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

6.3 Accountability and Audit

Audit and Risk Management Committee

With effect from 1 April 2013, the audit committee was renamed as the audit and risk management committee (the "**Audit and Risk Management Committee**"), and its duties were revised to include, *inter alia*, the overseeing of the Issuer's risk management framework and policies. The current members of the Audit and Risk Management Committee are Mr Lim Jun Xiong Steven (Chairman of the Audit and Risk Management Committee), Mr Chow Yew Hon and Mr Tan Tock Han.

The Audit and Risk Management Committee has full access to and co-operation of the management. The Audit and Risk Management Committee also has discretion to invite any Director or executive officer to attend its meetings and is assured of adequate resources to enable it to discharge its function properly. KPMG LLP (an accounting firm registered with the Accounting and Corporate Regulatory Authority of Singapore), the Issuer's external auditors, have unrestricted access to the Audit and Risk Management Committee.

The Audit and Risk Management Committee is satisfied that the Issuer's external auditors and the audit engagement partner assigned to the audit has adequate resources and experience to meet its audit obligations. In this connection, the Issuer has complied with Rule 712 of the Listing Manual of the SGX-ST.

According to the Audit and Risk Management Committee's terms of reference, the Audit and Risk Management Committee's duties and responsibilities include:

(a) reviewing the audit plan, scope and results of the external audit and its cost effectiveness;

(b) reviewing the independence and objectivity of the external auditors annually. Where the auditors also supply a substantial volume of non-audit services to the Issuer, the Committee shall keep under review the nature and extent of such services, seeking to maintain objectivity; reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Issuer and any announcements relating to the Issuer's financial performance;

(c) reviewing the quarterly and annual financial statements and announcements before submission to the Board for adoption;

(d) reviewing and reporting to the Board, at least annually, the adequacy and effectiveness of the Issuer's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);

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

(f) monitoring the establishment, appointments, staffing, qualifications and experience of the Issuer's internal audit function, including approval of the appointment and compensation terms of the head of the internal audit function, review of whether the internal audit function is adequately resourced, is independent of the activities it audits, and has appropriate standing within the Issuer. The internal audit function can either be in-house, outsourced to a reputable accounting/auditing firm, or performed by a major shareholder, holding company, parent company or controlling enterprise with an internal audit staff;

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

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

(i) making recommendations to the Board on proposal to shareholders on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;

(j) reviewing policies and arrangements by which staff of the Issuer may, in confidence, raise concerns about any possible improprieties in matters of financial reporting or other matters and ensuring that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow up action to be taken; and

(k) reviewing any matters relating to suspected fraud or irregularity, or suspected infringement of any Singapore laws, or regulations or rules of the SGX-ST or any regulatory authority in Singapore, of which the Audit and Risk Management Committee is aware, which has or is likely to have a material impact on the Issuer's or Group's operating results and/or financial position, and the findings of any internal investigations, and management's response thereto.

To enable the Audit and Risk Management Committee to discharge its functions more effectively, the Issuer has outsourced its internal audit function to a reputable international accounting firm which is not the external auditor. The internal audit function reports to the Audit and Risk Management Committee. The Audit and Risk Management Committee reviews and approves the internal audit plan for execution.

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

The Board recognises the importance of maintaining a sound system of internal controls to safeguard the Shareholders' investments and assets of the Issuer and the Group. The Audit and Risk Management Committee has been assigned to oversee and review the effectiveness of these controls at least annually.

Risk assessment and evaluation take place as an integral part of the annual strategic planning cycle. Having identified the risks to achievement of their strategic objectives, each business is required to document the management and mitigating actions in place and proposed in respect of each significant risk.

6.4 Communication with Shareholders

The Issuer ensures that timely and adequate disclosure of information on matters of material impact on the Issuer and the Group are made to the Shareholders. Any such information, should they arise, are communicated to the Shareholders through the Issuer's annual reports and announcements on the SGX-ST. At the Annual General Meeting, the shareholders are given an opportunity to air their views and ask questions regarding the Issuer and the Group. The Board and management are present at the Annual General Meetings to address any questions that the Shareholders may have. The external auditors of the Issuer are also present to assist the Board in addressing relevant queries by the Shareholders. Shareholders have the opportunity to vote in person or by proxy.

To promote regular, effective and fair communication with the Shareholders, the Issuer is currently in the process of formulating an investor relations policy.

The Issuer's dividend policy is to distribute dividends based on the Issuer's performance, taking into consideration the resources needed for the Issuer's continuing operations and possible future plans. The declaration and payment of dividends will be recommended by the Directors and subject to the approval of the Shareholders (or for interim dividends as determined by the Directors).

6.5 Information on the Executive Directors

Mr Cheong Pin Chuan (Joint Chairman and Joint Managing Director)

Mr Cheong Pin Chuan is the Joint Chairman and Joint Managing Director of the Issuer and is principally involved in the Group's overall operations and management with greater emphasis in Hong Kong. He is a graduate of the Footscray Institute of Technology in Australia and is a member of the Australian Society of Certified Practising Accountants and the Hong Kong Institute of Certified Public Accountants. He has over 42 years of experience in property development at management and board levels in Singapore and Hong Kong.

Mr Cheong Sim Eng (Joint Chairman and Joint Managing Director)

Mr Cheong Sim Eng is the Joint Chairman and Joint Managing Director of the Issuer and is principally involved in the Group's overall operations and management with greater emphasis in Singapore. He is a graduate of the Chaminade University of Honolulu with a Bachelor of Arts degree. He has over 29 years of experience in the property development business.

Ms Cheong Hooi Kheng (Executive Director and Chief Operating Officer)

Ms Cheong Hooi Kheng is an Executive Director and Chief Operating Officer of the Issuer and is principally involved in the Group's development of properties. She also oversees the project management in relation to the development and construction of properties, the leasing and marketing of the Group's real estate properties and major financial affairs of the Group in Singapore. She is a non-executive director of KTL Global Limited. She holds a Bachelor of Science degree in Business Administration from the California State University, Hayward and a Master of Business Administration degree from the Chaminade University of Honolulu. She has over 34 years of experience in the property development and construction business.

6.6 Information on the Non-Executive Directors

Mr Chow Yew Hon

Mr Chow Yew Hon is a Non-Executive Director, Chairman of the Nominating Committee and the Remuneration Committee and a member of the Audit and Risk Management Committee from 1 April 2013 and lead independent Director with effect from 1 September 2014. He graduated with a Bachelor of Business Administration (Honours) degree from the University of Singapore and has also completed the Pacific Rim Bankers' Programme at the University of Washington, Seattle, United States of America. He has held various senior positions with major international banks in Singapore, Hong Kong, London and Los Angeles. He has more than 36 years of experience in banking covering international and commercial/corporate banking, and wealth management.

Mr Tan Tock Han

Mr Tan Tock Han is a Non-Executive Director and a member of the Audit and Risk Management Committee, the Nominating Committee and the Remuneration Committee. He is the Executive Chairman of KTL Global Limited. Mr Tan is also a Council member of the Singapore Chinese Chamber of Commerce, First Vice-President of the Singapore Building Materials Supplier's Association, Honorary Chairman of the Singapore Ship-Chandlers Association and Chairman of the Social Service Committee of the Singapore Hokkien Huay Kuan. He has more than 41 years of experience in the offshore oil and gas and marine industries.

Mr Lim Jun Xiong Steven

Mr Lim Jun Xiong Steven has been appointed a Non-Executive Director, Chairman of the Audit and Risk Management Committee and a member of the Nominating Committee and the Remuneration Committee with effect from 25 July 2014.

Mr Lim is currently working in a top European financial institution and is the Chief Executive Officer of its wealth management subsidiary in Singapore. Prior to this, he was the Managing Director and subsequently a Senior Consultant at HSBC Private Bank (Suisse) SA Global Wealth Solutions. Mr Lim started his career at PricewaterhouseCoopers.

Mr Lim is the Lead Independent Director of Bund Center Investment Ltd, the Lead Independent Director of Keong Hong Holdings Limited, an Independent Director of Mirach Energy Limited, and Independent Director and Non-Executive Chairman of Sapphire Corporation Limited, all of which are listed on the Official List of the SGX-ST.

Mr Lim has a Bachelor's degree in Commerce from the University of Newcastle, Australia. He is a Fellow member of CPA Australia, the Institute of Singapore Chartered Accountants and a member of the Society of Trusts and Estate Practitioners. Mr Lim has more than 30 years of experience in the financial, trust and wealth management industry.

6.7 Information on the Key Executive Officers

Ms Cheong Puay Kheng, Vice President (Administration and Personnel)

Ms Cheong's job responsibilities essentially cover the planning, organisation and control of office administration and personnel management of the Group. She graduated from the Armstrong College of Berkeley in the United States of America with a Bachelor of Science degree. She has 35 years of experience at management level.

Mr Jimmy Yeo, Vice President (Marketing)

Mr Yeo is responsible for the marketing and leasing of the Group's real estate properties in Singapore. He holds a Master of Business Administration degree from the University of Hull in the United Kingdom and a Diploma in Marketing from the Chartered Institute of Marketing in the United Kingdom. He is a Fellow of the Marketing Institute of Singapore. He has 33 years of real estate marketing experience at management level.

Mr Lok Nam Moon, Vice President (Projects)

Mr Lok is responsible for all projects developments undertaken by the Group in Singapore. He holds a Bachelor of Science degree in Civil Engineering and a Master of Science degree in Structural Engineering both from the University of Strathclyde in the United Kingdom. He is a Professional Engineer, a Chartered Engineer and a Chartered Professional Engineer registered with the Singapore Professional Engineers Board, Engineering Council in the United Kingdom and the Institute of Engineers (Australia) respectively. He is also a senior member of the Institution of Engineers in Singapore, a member of the Institute of Engineers in Australia and an Associate of the Institution of Structural Engineers in the United Kingdom. He has 33 years of experience in project management in Singapore.

Ms Koh Chay Tiang, Vice President (Accounts and Finance)/Company Secretary

Ms Koh is responsible for the accounts and finance functions of the Group in Singapore. She holds a Bachelor of Accountancy degree from the University of Singapore and is a Chartered Accountant of Singapore. She has 31 years of experience at management level in Singapore.

Mr Ng Sai Kian, Vice President (Property Management)

Mr Ng Sai Kian is responsible for property management and maintenance for all properties under the Group as well as properties of Warranty Management Pte Ltd's clients. He holds a Honours degree in Bachelor of Science from University of Bradford in the United Kingdom. He has over five years of experience in project management in China, two years of experience in consultancy service in Singapore as well as more than 20 years of experience in property management in Singapore.

7. Financial Risk Management

7.1 Financial Risk Management Objectives and Policies

The Group is exposed to credit risk, liquidity risk and market risk (including interest rate, foreign currency and price risks) arising from its diversified portfolio business. Risk management is integral to the whole business of the Group. The Group's risk management approach seeks to minimise the potential material adverse effects from these exposures.

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Exposure to currency, interest rate and credit risks arises in the normal course of the Group's business. This section provides details of the Group's exposure to financial risk and describes the methods used by management to control such risk.

7.2 Credit Risk

Credit risk is the potential risk of financial loss resulting from failure of a customer or counter party in meeting its financial and contractual obligations to the Group, as and when they fall due.

The Group's primary exposure to credit risk arises mainly from its other investments, trade and other receivables and cash and cash equivalents. The management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. The credit policy also requires a security deposit from customers to secure tenancy commitments.

Investments and transactions involving derivative financial instruments are allowed only with counter parties that are of high credit quality.

Cash is placed with regulated financial institutions.

7.3 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

7.4 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

7.5 Interest Rate Risk

The Group's exposure to changes in interest rates relates primarily to loans. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which interest income and expense could be impacted from an adverse movement in interest rates.

7.6 Foreign Currency Risk

The Group is not exposed to significant foreign currency risk on currencies other than the respective functional currencies of Group entities.

The Issuer is exposed to foreign currency risk on amounts due from subsidiaries (mainly non-trade) that are denominated in Hong Kong dollars.

Exposure to currency risk is monitored on an ongoing basis and the Issuer and the Group endeavour to keep the net exposure at an acceptable level.

7.7 Equity Price Risk

The Group has investments in quoted equity securities and is exposed to price risk. These securities are listed on the SGX-ST. The Group is not exposed to commodity price risk.

8. Financial Review of the Group

Potential investors are cautioned that the restated unaudited consolidated financial information for the year ended 31 December 2013 and the unaudited consolidated financial information for the six months ended 30 June 2014 presented in this Information Memorandum have been extracted from the Issuer's announcement of unaudited first quarter financial statement for the period ended 31 March 2014 and the Issuer's announcement of unaudited second quarter financial statement for the period ended 30 June 2014, which has not been audited or reviewed by the Issuer's auditors. Accordingly, there can be no assurance that, had an audit or review been conducted in respect of such financial statements, the information presented therein would not have been materially different, and investors should not place undue reliance upon them.

The following sets out a financial summary of the Group for the financial years ended 31 December 2011 (Restated), 2012 and 2013, (where relevant) for the six months ended 30 June 2013 and for the six months ended 30 June 2014.

8.1 Balance Sheets

	As at 31 December 2011 Restated(1) S$'000	As at 31 December 2012 S$'000	As at 31 December 2013 S$'000	As at 31 December 2013 Restated(2) (unaudited) S$'000	As at 30 June 2014 (unaudited) S$'000
Cash & Cash Equivalents	57,008	72,805	22,135	37,615	113,257
Investment Properties	1,257,660	1,305,499	1,713,125	2,096,825	2,112,661
Development Properties	280,567	291,058	400,337	443,093	290,912
Current Assets	340,908	372,665	428,570	501,232	473,650
Total Assets	1,765,066	1,843,958	2,326,866	2,599,431	2,588,476
Long-term Borrowings & Loans	598,264	592,232	225,416	327,144	771,259
Short-term Borrowings & Loans	45	705	468,318	469,575	4,552
Current Liabilities	27,481	41,615	523,409	530,673	64,876
Total Liabilities	629,051	639,195	763,479	872,471	842,801
Non-controlling Interests	–	–	–	258,185	269,752
Total Equity	1,136,015	1,204,763	1,563,387	1,726,960	1,745,675

(1) See Note 2.1 of the Notes to the Financial Statements found in Appendix III to this Information Memorandum.

(2) Figures herein have been restated pursuant to the adoption of FRS 110. See paragraph 5 of Appendices V and VI to this Information Memorandum.

8.2 Income Statements

	FY2011 Restated[1] S$'000	FY2012 S$'000	FY2013 S$'000	Six months ended 30 June 2013 Restated[2] (unaudited) S$'000	Six months ended 30 June 2014 (unaudited) S$'000
Revenue	129,236	156,032	227,638	132,117	67,353
EBIT	176,007	92,184	379,656	35,144	45,748
EBITDA	176,256	92,413	379,884	35,347	45,889
Share of results from Associates, net of tax	(352)	8,307	2,388	–	–
Gains on Revaluation of Investment Properties	151,071	45,228	323,618	–	–
Finance Expense	(9,107)	(10,678)	(17,108)	(8,314)	(9,882)
Profit before Income Tax	166,900	81,506	362,548	26,830	35,866
Profit after Income Tax	163,742	77,477	356,952	22,558	33,527
(Loss)/Profit attributable to Non-controlling Interests	–	–	–	(140)	16,902

8.3 Key Financial Data

	FY2011 Restated[1] S$'000	FY2012 S$'000	FY2013 S$'000	Six months ended 30 June 2014 (unaudited) S$'000
Revenue	129,236	156,032	227,638	67,353
EBITDA	176,256	92,413	379,884	45,889
Total Debt	598,309	592,937	693,734	775,811
Total Assets	1,765,066	1,843,958	2,326,866	2,588,476
Total Cash & Cash Equivalents	57,008	72,805	22,135	113,257
Total Equity	1,136,015	1,204,763	1,563,387	1,745,675
Financial Ratios				
Debt to Assets (%)	34	32	30	30
Debt to Equity (%)	53	49	44	44
Net Debt to Equity (%)	48	43	43	38
Current Ratio (times)	12.41	8.96	0.82	7.30
EBITDA to Financial Expense (times)	19.35	8.65	22.21	4.64

(1) See Note 2.1 of the Notes to the Financial Statements found in Appendix III to this Information Memorandum.

(2) Figures herein have been restated pursuant to the adoption of FRS 110. See paragraph 5 of Appendices V and VI to this Information Memorandum.

9. Audited Financial Statements of the Group

The following sets out the audited financial statements of the Group for the financial years ended 31 December 2011 (Restated), 2012 and 2013.

CONSOLIDATED BALANCE SHEET FOR FY2011, FY2012 AND FY2013

	As at 31 December 2011 Restated(1) S$'000	As at 31 December 2012 S$'000	As at 31 December 2013(2) S$'000
ASSETS			
Current assets			
Other investments	311	448	1,290
Development properties	280,567	291,058	400,337
Trade receivables	1,404	4,661	835
Deposits, prepayments and other receivables	1,618	3,693	3,973
Cash at banks and in hand	2,008	3,305	22,135
Fixed deposits	55,000	69,500	–
Total current assets	340,908	372,665	428,570
Non-current assets			
Fixed assets	346	253	296
Associates	165,753	165,164	184,524
Investment properties	1,257,660	1,305,499	1,713,125
Other assets	399	377	351
Total non-current assets	1,424,158	1,471,293	1,898,296
Total assets	1,765,066	1,843,958	2,326,866
LIABILITIES AND EQUITY			
Current liabilities			
Loans and borrowings	–	–	468,318
Bank overdraft	–	694	–
Trade payables	3,815	10,243	9,932
Other payables	21,401	28,446	42,950
Obligations under finance leases	45	11	–
Tax payable	2,220	2,221	2,209
Total current liabilities	27,481	41,615	523,409
Non-current liabilities			
Other payables	–	–	3,900
Trade payables	1,644	1,453	3,726
Obligations under finance leases	11	–	–
Loans and borrowings	598,253	592,232	225,416
Deferred tax liability	1,662	3,895	7,028
Total non-current liabilities	601,570	597,580	240,070
Total liabilities	629,051	639,195	763,479
Equity			
Share capital	186,688	186,688	186,688
Capital reserves	2,371	2,371	3,209
Fair value reserve	269	–	–
Translation reserves	(50,527)	(58,987)	(53,405)
Retained profit	997,214	1,074,691	1,426,895
Total equity	1,136,015	1,204,763	1,563,387
Total liabilities and equity	1,765,066	1,843,958	2,326,866

(1) See Note 2.1 of the Notes to the Financial Statements found in Appendix III to this Information Memorandum.

(2) The figures herein are the non-restated figures as at 31 December 2013. Please note that the figures have since been restated pursuant to the adoption of FRS 110.

CONSOLIDATED PROFIT AND LOSS STATEMENT FOR FY2011, FY2012 AND FY2013

	FY2011 Restated(1) S$'000	FY2012 S$'000	FY2013(2) S$'000
Revenue	129,236	156,032	227,638
Other income	352	384	1,963
	129,588	156,416	229,601
Cost of sales of development properties	(66,365)	(86,402)	(143,059)
Depreciation of fixed assets	(249)	(229)	(228)
Exchange loss, net	–	(2)	(1)
Gain on revaluation of investment properties	151,071	45,228	323,618
Loss on dilution of interest in an associate	(7,929)	–	–
Gain from change in interests in associates	–	–	8,896
Other expenses	(29,757)	(31,134)	(41,559)
	176,359	83,877	377,268
Finance expense	(9,107)	(10,678)	(17,108)
	167,252	73,199	360,160
Share of results of associates, net of tax	(352)	8,307	2,388
Profit before income tax	166,900	81,506	362,548
Income tax expense	(3,158)	(4,029)	(5,596)
Profit for the year attributable to Owners of the Issuer	163,742	77,477	356,952
Attributable to:			
Owners of the Issuer	163,742	77,477	356,952
Non-controlling interests	–	–	–
Profit for the year	163,742	77,477	356,952
Earnings per share (cents):			
Basic and diluted	20.69	9.79	45.10

(1) See Note 2.1 of the Notes to the Financial Statements found in Appendix III to this Information Memorandum.

(2) The figures herein are the non-restated FY2013 accounts. Please note that FY2013 accounts have since been restated pursuant to the adoption of FRS 110.

10. Review of Performance

10.1 Revenue and Performance Breakdown by Segments

Group	Property Investment S$'000	Property Development and Construction S$'000	Property Management S$'000	Other Operations S$'000	Total S$'000
2013					
External Revenue	46,124	180,099	1,049	366	227,638
Reportable segment profit/ (loss) before income tax	327,025	26,000	185	(1,946)	351,264
2012					
External Revenue	43,039	111,995	987	11	156,032
Reportable segment profit/ (loss) before income tax	56,609	17,260	117	(787)	73,199
2011, restated(1)					
External Revenue	42,591	85,597	1,006	42	129,236
Reportable segment profit/ (loss) before income tax	163,275	12,396	200	(690)	175,181

(1) These figures have been restated upon adoption of the Amendments to FRS 12 "*Income Tax – Deferred Tax: Recovery of Underlying Assets*" which is effective from 1 January 2012 and this change has been applied retrospectively.

10.2 FY2013 vs FY2012[5]

The Group's revenue for FY2013 increased from approximately S$156.0 million to S$227.6 million. This was due mainly to the recognition of sales revenue from the residential units of Concourse Skyline based on the percentage of completion method.

The increase in the Group's other income was due mainly to compensation income relating to the leases of its investment properties.

With an increase in sales revenue from the residential units of Concourse Skyline, the Group recorded a corresponding increase in cost of sales of these properties.

The gain from change in interests in associates was due to the cancellation of shares of an associate, which cancelled shares were not held by the Issuer or its subsidiaries.

The significant increase in gain on the revaluation of its investment properties, as assessed by professional valuers was due mainly to the increase in value of the car park block at International Building as this will be developed into a 30-storey 609-room hotel.

The gain on remeasurement of other investments was due to the recorded bid price being higher in the current year as compared to the previous year.

5 The FY2013 vs FY2012 review is based on the audited figures for FY2013 and not the restated unaudited figures for FY2013.

The increase in finance expense was due mainly to higher interest rates and an increase in loans and borrowings as compared to that in the previous year.

The associates contributed a lower profit in FY2013 as compared to that of FY2012.

The increase in deferred tax expense was due to the recognition of profits from Concourse Skyline.

The underprovision of income tax expense was due mainly to certain expenses relating to prior years not allowed as tax deductions by the Comptroller of Income Tax in FY2013.

The Group's profit for the year, therefore, increased from approximately S$77.5 million to S$356.9 million.

The Group recorded an increase in its investment properties principally from the revaluation gain and the development charge incurred on its upcoming development of a 30-storey 609-room hotel on the car park block at International Building.

The increase in other investments was due to acquisition of quoted equity securities during the year and the recorded bid price being higher than that as at 31 December 2012.

The increase in development properties was due mainly to additional construction costs incurred for Concourse Skyline.

As at 31 December 2013, there were no amount due from purchasers and no advance payment to contractors but these were partially offset by an increase in deposits and prepaid expenses. Therefore, there was a decrease in trade and other receivables as compared to that as at 31 December 2012.

The decrease in cash and cash equivalents was due mainly to the payment of construction costs for Concourse Skyline.

The Group recorded an increase in trade and other payables due mainly to sum payable to contractors for work done on properties under development and the provision of staff costs.

The Group also recorded an increase in loans and borrowings due mainly to the issuance of S$220 million of fixed rate notes in FY2013 under the Medium Term Note Programme, offset by the net repayment of bank loans of approximately S$118 million.

The increase in deferred tax liability was in line with the recognition of profits from Concourse Skyline.

The Group's net current liability in FY2013 was due mainly to the reclassification of the secured loans due in the third quarter of 2014 from non-current liabilities to current liabilities. The Group will be refinancing these secured loans and the negotiation with some financial institutions is in progress. The Group is confident of completing the refinancing of these secured loans before the due dates.

10.3 FY2012 vs FY2011 (Restated)

The Group achieved good financial performance in FY2012, with revenue for FY2012 increasing from S$129.2 million to S$156.0 million supported by a strong balance sheet, with cash and cash equivalents of approximately S$72.8 million and a net debt to equity of 43%.

This was due mainly to the recognition of sales revenue from the residential units of Concourse Skyline based on the percentage of completion method. However, this was partially offset by a decrease in sales revenue from its completed development properties.

With the recognition of the sales revenue from the development properties, the Group recorded the cost of sales of these properties.

The Group's profit from sales of development properties increased by approximately S$6.4 million and there was no loss on dilution of interest in an associate in FY2012 as compared to S$7.9 million in FY2011. However, the Group's profit before its share of results of its associates decreased from approximately S$167.3 million to S$73.2 million due to the following:

(1) The Group recorded a lower gain on revaluation of its investment properties, as assessed by professional valuers.

(2) The Group recorded an increase in finance expense due mainly to amortisation of transaction costs incurred and capitalised previously due to a construction loan facility granted but not utilised.

The associates contributed to a profit in FY2012 as compared to a loss in FY2011 due mainly to an increase in gain on revaluation of its investment properties in Hong Kong, as assessed by professional valuers.

The increase in deferred tax expense was due to the recognition of profit from the sales of Concourse Skyline.

The Group recorded an increase in other investments due to the recorded bid price being higher than that as at 31 December 2011.

The increase in trade and other receivables was attributed mainly to progressive amounts billed to purchasers of Concourse Skyline and advance payment to contractors.

The increase in cash and cash equivalents arose from monies collected from the sales of residential units of Concourse Skyline placed in fixed deposits as the use of such monies is subject to restrictions imposed by the Housing Developers (Project Account) Rules.

The Group also recorded an increase in trade and other payables due mainly to sum payable to contractors for work done on properties under development.

The increase in deferred tax liability was in line with the recognition of profits from Concourse Skyline in FY2012.

RISK FACTORS

Prior to making an investment or divestment decision, prospective investors in or existing holders of the Securities should carefully consider all of the information set forth in this Information Memorandum including the risk factors set out below. The risk factors set out below do not purport to be complete or comprehensive of all the risks that may be involved in the businesses of the Issuer or the Group or any decision to purchase, own or dispose of the Securities. Additional risks which the Issuer is currently unaware of may also impair the Issuer's business, assets, financial condition, performance or prospects. If any of the following risk factors develops into actual events, the business, assets, financial condition, performance or prospects of the Issuer and/or the Group could be materially and adversely affected. In such cases, the ability of the Issuer to comply with its obligations under the Trust Deed and the Securities may be adversely affected.

LIMITATIONS OF THIS INFORMATION MEMORANDUM

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing holder of the Securities may require in investigating the Issuer or the Group, prior to making an investment or divestment decision in relation to the Securities issued under the Programme. This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Securities only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Securities is suitable is a prospective investor's responsibility. Neither this Information Memorandum nor any other document or information (nor any part thereof) delivered or supplied under or in relation to the Programme or the Securities (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, either of the Arrangers or any of the Dealers that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Securities. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer or its subsidiaries and/or associated companies (if any), either of the Arrangers or any of the Dealers or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Securities should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or such part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its subsidiaries and/or associated companies (if any), the terms and conditions of the Securities and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Securities.

RISKS ASSOCIATED WITH AN INVESTMENT IN THE SECURITIES

There is no active trading market for the Securities

Securities may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Securities generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Securities.

Fluctuation of Market Value of Securities issued under the Programme

The value of the Securities may fluctuate as a result of various factors, including (a) the market for similar securities, (b) general economic, political or financial conditions and (c) the Group's financial condition, results of operations and future prospects. Adverse economic developments, in Singapore as well as countries in which the Issuer and/or its subsidiaries and/or associated companies (if any) operate or have business dealings, could have a material adverse effect on the operating results and/or the financial condition of the Issuer and its subsidiaries and/or associated companies (if any).

Interest Rate Risk

Securityholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Notes and/or Perpetual Securities, resulting in a capital loss for the Securityholders. However, the Securityholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the price of the Notes and/or Perpetual Securities may rise. The Securityholders may enjoy a capital gain but interest or distribution payments received may be reinvested at lower prevailing interest rates.

Inflation Risk

Securityholders may suffer erosion on the return of their investments due to inflation. Securityholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Securities. An unexpected increase in inflation could reduce actual returns.

The Securities are not secured

The Notes, Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and rateably, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and rateably, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Issuer. Accordingly, on a winding-up or insolvency of the Issuer at any time prior to maturity of any Securities, the Securityholders will not have recourse to any specific assets of the Issuer or, as the case may be, its subsidiaries and/or associated companies (if any) as security for outstanding payment or other obligations under the Securities and/or Coupons owed to the Securityholders and there can be no assurance that there would be sufficient value in the assets of the Issuer, after meeting all claims ranking ahead of the Securities, to discharge all outstanding payment and other obligations under the Securities and/or Coupons, as the case may be, owed to the Securityholders.

Performance of contractual obligations by the Issuer is dependent on other parties

The ability of the Issuer to make payments in respect of the Securities may depend upon the due performance by the other parties to the Programme Agreement, the Trust Deed and the Agency Agreement of their obligations thereunder including the performance by the Trustee, the Issuing and Paying Agent, the Agent Bank, the Registrar and/or the Transfer Agent of their respective obligations. Whilst the non-performance of any relevant party will not relieve the Issuer of its obligations to make payments in respect of the Securities, the Issuer may not, in such circumstances, be able to fulfill its obligations to the Securityholders and the Couponholders.

The Securities may not be a suitable investment for all investors

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Securities, the merits and risks of investing in the relevant Securities and the information contained in this Information Memorandum or any applicable supplement to this Information Memorandum;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Securities and the impact such investment will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Securities, including Securities with principal, distribution or interest payable in one or more currencies, or where the currency for principal, distribution or interest payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the relevant Securities and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Securities are complex financial instruments. Sophisticated investors generally do not purchase complex financial instruments as standalone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities, which are complex financial instruments, unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of such Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Where Global Securities are held in clearing systems, investors will need to rely on the relevant clearing system's standard procedures for transfer, payment and communication with the Issuer.

Securities may be issued at a substantial discount or premium

The market value of Securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the Securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

The Securities may be subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Securities. During any period when the Issuer may elect to redeem Securities, the market value of such Securities generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem Securities when its cost of borrowing is lower than the interest rate on the Securities. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate that is as high as the interest rate on the Securities being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Group may not freely hedge the currency risks associated with Securities denominated in foreign currencies

The majority of the Group's revenue is generally denominated in Singapore dollars and the majority of the Group's operating expenses are generally incurred in Singapore dollars as well. As Securities issued under the Programme may be denominated in currencies other than Singapore dollars, the Group may be affected by fluctuations between the Singapore dollar and such foreign currencies in meeting the payment obligations under such Securities and there is no assurance that the Group may be able to fully hedge the currency risks associated with such Securities denominated in foreign currencies.

A change in Singapore law which governs the Securities may adversely affect Securityholders

The Securities are governed by Singapore law in effect as at the date of issue of the Securities. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of issue of the Securities.

No additional amounts will be payable for any withholding or deduction by the Agents in certain circumstances

Pursuant to Condition 8 of the Notes and Condition 7 of the Perpetual Securities respectively, all payments in respect of the Securities by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the holders of the Securities of such amounts as would have been received by them had no such deduction or withholding been required, except in the specific circumstances stipulated in such Conditions.

Without prejudice to the foregoing paragraph, the Agency Agreement has separately provided that the Agents shall be entitled to make a deduction or withholding from any payment which it makes under the Agency Agreement for or on account of any present or future taxes, duties, assessments or government charges if and to the extent so required by applicable law on such Agents. If an amount were to be deducted or withheld from interest, principal or other payments on the Securities by the Agents as a result of such laws, none of the Issuer, the Agents or any other person would be required to pay additional amounts as a result of the deduction or withholding. As a result, the investors may receive less interest or principal than expected. Holders of the Securities should consult their own tax advisers on how payments they receive under the Securities will be affected in such circumstances.

The Securities may be represented by Global Securities or Global Certificates and holders of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System (as defined below)

Securities issued under the Programme may be represented by one or more Global Securities or Global Certificates. Such Global Securities or Global Certificates will be deposited with or registered in the name of, or in the name of a nominee of, a common depositary for Euroclear and/or Clearstream, Luxembourg, or lodged with CDP (each of Euroclear, Clearstream, Luxembourg and CDP, a "**Clearing System**"). Except in the circumstances described in the relevant Global Security or Global Certificate, investors will not be entitled to receive Definitive Securities. The relevant Clearing System will maintain records of their accountholders in relation to the Global Securities and Global Certificates. While the Securities are represented by one or more Global Securities or Global Certificates, investors will be able to trade their beneficial interests only through the relevant Clearing System.

While the Securities are represented by one or more Global Securities or Global Certificates, the Issuer will discharge its payment obligations under the Securities by making payments to the common depositary for Euroclear and/or Clearstream, Luxembourg or, as the case may be, to CDP, for distribution to their accountholders or, as the case may be, to the Issuing and Paying Agent for distribution to the holders as appearing in the records of the relevant Clearing System. A holder of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the relevant Securities. The Issuer bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities or Global Certificates.

Holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right to vote in respect of the relevant Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

RISKS RELATING TO THE NOTES

Variable Rate Notes may have a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Singapore Taxation Risk

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2018 are intended to be "qualifying debt securities" for the purposes of the ITA subject to the fulfillment of certain conditions more particularly described in the section "Singapore Taxation".

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked prior to maturity of each Series or Tranche of such Notes.

RISKS RELATING TO THE PERPETUAL SECURITIES

Perpetual Securities may be issued for which investors have no right to require redemption

The Perpetual Securities are perpetual and have no fixed final maturity date. Perpetual Securityholders have no right to require the Issuer to redeem Perpetual Securities at any time, and an investor who acquires Perpetual Securities may only dispose of such Perpetual Securities by sale. Perpetual Securityholders who wish to sell their Perpetual Securities may be unable to do so at a price at or above the amount they have paid for them, or at all. Therefore, holders of Perpetual Securities should be aware that they may be required to bear the financial risks of an investment in Perpetual Securities for an indefinite period of time.

If so specified in the relevant Pricing Supplement, Perpetual Securityholders may not receive distribution payments if the Issuer elects to not pay all or a part of a distribution under the terms and conditions of the Perpetual Securities

If Optional Payment is specified in the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay any scheduled distribution on the Perpetual Securities in whole or in part for any period of time. The Issuer is subject to certain restrictions in relation to the declaration or payment of distributions on its Junior Obligations and (except on a *pro rata* basis) its Parity Obligations and the redemption and repurchase of its Junior Obligations and (except on a *pro rata* basis) its Parity Obligations in the event that it does not pay a distribution in whole or in part. The Issuer is not subject to any limit as to the number of times or the amount with respect to which the Issuer can elect not to pay distributions under the Perpetual Securities. While the Issuer may, at its sole discretion, and at any time, elect to pay an Optional Distribution, being an optional amount equal to the amount of distribution which is unpaid in whole or in part, there is no assurance that the Issuer will do so, and distributions which are not paid in whole or in part may remain unpaid for an indefinite period of time. Any non-payment of a distribution in whole or in part shall not constitute a default for any purpose. Any election by the Issuer not to pay a distribution in whole or in part, will likely have an adverse effect on the market price of the Perpetual Securities. In addition, as a result of the potential non-cumulative distribution feature of the Perpetual Securities and the Issuer's ability to elect not to pay a distribution in whole or in part, the market price of the Perpetual Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such election not to pay and may be more sensitive generally to adverse changes in the Issuer's and/or the Group's financial condition.

If so specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the Issuer's option on the date(s) specified in the relevant Pricing Supplement or on the occurrence of certain other events

The Perpetual Securities are perpetual securities and have no fixed final redemption date. If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer on certain date(s) specified in the relevant Pricing Supplement at their principal amount (or such other redemption amount stated in the relevant Pricing Supplement) together with all outstanding Arrears of Distribution, Additional Distribution Amounts and distribution accrued to the date fixed for redemption. In addition, if specified on the relevant Pricing Supplement, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date, or any time after such Distribution Payment Date, upon the occurrence of certain other events. Please refer to the section "Terms and Conditions of the Perpetual Securities – Redemption and Purchase".

The date on which the Issuer elects to redeem the Perpetual Securities may not accord with the preference of individual Perpetual Securityholders. This may be disadvantageous to Perpetual Securityholders in light of market conditions or the individual circumstances of the holder of Perpetual Securities. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Perpetual Securities.

There are limited remedies for non-payment under the Perpetual Securities

Any scheduled distribution will not be due if the Issuer elects not to pay all or a part of that distribution pursuant to the terms and conditions of the Perpetual Securities. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute winding-up proceedings is limited to circumstances where payment has become due and the Issuer fails to make the payment when due and such failure continues for a period of seven (7) business days after the due date. The only remedy against the Issuer available to any Perpetual Securityholder for recovery of amounts in respect of the Perpetual Securities following the occurrence of a payment default after any sum becomes due in respect of the Perpetual Securities will be proving in such winding-up and/or claiming in the liquidation of the Issuer in respect of any payment obligations of the Issuer arising from the Perpetual Securities.

The Issuer may raise or redeem other capital which affects the price of the Perpetual Securities

The Issuer may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Securities. Similarly, subject to compliance with the terms and conditions of the Perpetual Securities, the Issuer may redeem securities that rank junior to, *pari passu* with, or senior to the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities may reduce the amount (if any) recoverable by holders of Perpetual Securities on a winding-up of the Issuer, and may increase the likelihood of a deferral of distribution under the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities might also have an adverse impact on the trading price of the Perpetual Securities and/or the ability of holders of Perpetual Securities to sell their Perpetual Securities.

The Subordinated Perpetual Securities are subordinated obligations

The obligations of the Issuer under the Subordinated Perpetual Securities will constitute unsecured and subordinated obligations of the Issuer. In the event of the winding-up of the Issuer, the rights of the holders of Subordinated Perpetual Securities to receive payments in respect of the Subordinated Perpetual Securities will rank senior to the holders of all Junior Obligations of the Issuer and *pari passu* with the holders of all Parity Obligations of the Issuer, but junior to the claims of all other creditors, including, for the avoidance of doubt, the holders of Senior Perpetual Securities and/or Notes. In the event of a shortfall of funds or a winding-up, there is a real risk that an investor in the Subordinated Perpetual Securities will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid Arrears of Distribution, Additional Distribution Amounts or accrued distribution.

In addition, subject to the limit on the aggregate principal amount of Securities that can be issued under the Programme (which can be amended from time to time by the Issuer without the consent of the Securityholders), there is no restriction on the amount of unsubordinated securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Subordinated Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of Subordinated Perpetual Securities on a winding-up of the Issuer and/or may increase the likelihood of a non-payment of distribution under the Subordinated Perpetual Securities.

Tax treatment of the Perpetual Securities is unclear

It is not clear whether any particular tranche of the Perpetual Securities (the "**Relevant Tranche of the Perpetual Securities**") will be regarded as debt securities by the IRAS for the purposes of the ITA, or whether distributions made under the Relevant Tranche of the Perpetual Securities will be regarded by the IRAS as interest payable on indebtedness, and whether the tax concessions available for qualifying debt securities under the Qualifying Debt Securities scheme (as set out in the section "Singapore Taxation") would apply to the Relevant Tranche of the Perpetual Securities.

If the Relevant Tranche of the Perpetual Securities is not regarded as debt securities for the purposes of the ITA or the distributions made under the Relevant Tranche of the Perpetual Securities are not regarded as interest payable on indebtedness and holders thereof are not eligible for the tax concessions under the Qualifying Debt Securities scheme, the tax treatment to holders may differ. Investors and holders of the Relevant Tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Relevant Tranche of the Perpetual Securities.

RISKS ASSOCIATED WITH THE ISSUER'S AND THE GROUP'S BUSINESS, FINANCIAL CONDITION AND/OR RESULTS OF OPERATIONS

Adverse conditions in the global financial markets and the general economy may adversely affect the Group's business, results of operations, financial condition, net sales, revenues, cash flow, profitability, liquidity, capital resources and/or prospects (collectively, the "Group's Performance")

Since the second half of 2008, the global financial system has experienced volatility and liquidity problems which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries, as a result of the U.S. credit markets and the sub-prime mortgage market. Concerns about sovereign debt in Europe and the continued slow growth in the U.S. have continued to have a significant impact on the global credit and financial markets as a whole. This global economic slowdown and turmoil in the global financial markets has impacted Singapore and any other economy in which the Group may operate. This can in turn adversely affect the property markets in Singapore. The economic turmoil may continue or take place in the future, causing adverse conditions in the real estate industry. For example:

(a) a slowdown in economic growth and reduced availability of credit may result in a lower demand for commercial and residential properties and declining property prices and rents;

(b) a slowdown in economic growth may adversely impact home owners and potential property purchasers, and in turn, lead to a decline in the general demand for property products and a further erosion of their selling prices;

(c) a tightening of credit can negatively impact the ability of property developers and potential property purchasers to obtain financing; and

(d) consumers and businesses are generally more cautious when making decisions to purchase property and/or making or renewing new leases.

Other effects include, but are not limited to, decreases in valuations of properties, decreases in rental or occupancy rates, insolvency of contractors resulting in construction delays, constraints on the Group's ability to raise funds for the Group's business, higher financing costs and increased counterparty risk.

The Group's business is primarily concentrated in Singapore

The Group's business activities are primarily concentrated in Singapore and its properties are located in Singapore. As a result, the Group's operations, revenue, performance and future growth depend, to a large extent, on the continued growth of the property market in Singapore.

Given this concentration of the Group's business activities, the specific laws, regulations, practices, economic and financial conditions, property market and other aspects of Singapore could have significant impact on the Group's Performance. In addition, excesses in property supply over demand as a result of economic uncertainty, slower growth and increased interest rates (which reduces the ability of customers to finance real estate purchases and increase the

Group's own costs of financing) may lead to further volatility in property prices and yields which could in turn adversely affect the Group's Performance. The Group may be required to make provisions in its accounts in the event of an economic downturn.

For example, property values in Singapore have historically experienced cyclical patterns in which periods of price increases were often followed by periods of stagnating or declining prices. A substantial portion of the Group's earnings depends on the continued strength of the residential property market in Singapore, which in turn is dependent on the general economic and business conditions.

The Group is subject to governmental regulations and approvals in Singapore

The real estate industry in Singapore is subject to significant government regulation and approvals over, among other things, labour, land and title acquisition, development planning and design, construction and mortgage financing and refinancing, obtaining real estate development and sale licences, obtaining certificates of completion for its development projects and issuance of individual titles following completing of construction. Such regulations are at times ambiguous and their interpretations and applications can be inconsistent and may be potentially detrimental to the Group.

In some instances, the government may adopt restrictive policies with respect to the issuance of certain permits or approvals. The Group's Performance may also be affected by changes in policies relating to immigration and/or foreign ownership of residential housing, policies adopted and/or actions taken by public housing authorities, and policies relating to land sales by the government.

For example in Singapore, the Singapore government has sought to ensure a stable and sustainable property market through measures such as removing the deferred payment and interest absorption schemes. It also introduced further measures with effect from 30 August 2010, such as increasing the minimum cash payment for the purchase of residential properties from five per cent. to 10 per cent. of the valuation limit for buyers with one or more outstanding housing loans and reducing the loan to value limit (the "**LTV Limit**") for housing loans granted by financial institutions regulated by MAS from 80 per cent. to 70 per cent. for borrowers who have one or more outstanding housing loans. With effect from 14 January 2011, the LTV Limit was further reduced from 70 per cent. to 60 per cent. for individual borrowers with one or more outstanding housing loans and 50 per cent. for borrowers who are non-individuals e.g. companies, trusts and collective investment schemes. In addition, seller's stamp duty is payable for residential properties acquired on or after 14 January 2011 and disposed of within a four-year holding period (increased from the three-year holding period applicable to properties acquired on or after 30 August 2010), and such stamp duty rates would be tiered according to the duration of the holding period. Regulation of land supply through availability of sites for tender under the Singapore government's Land Sales Programme, which is reviewed on a half yearly basis, and changes in en bloc legislation, among others, may also affect land supply and pricing. On 7 December 2011, the Singapore government announced an additional buyer's stamp duty ("**ABSD**") on certain categories of residential property purchases where foreigners and non-individuals buying any residential property will pay an ABSD of 10 per cent., permanent residents owning one and buying the second and subsequent residential property will pay an ABSD of 3 per cent. and Singapore citizens owning two and buying the third and subsequent residential property will pay an ABSD of 3 per cent. The ABSD took effect on 8 December 2011. ABSD has been further enhanced in January 2013. ABSD ranging from 5 per cent. to 15 per cent. is to be paid by certain groups of people who buy or acquire residential properties (including residential land). The imposition of ABSD appears to have a moderating effect on the rate of increase of the sale price for new residential property launches since its introduction. However, its full long-term impact on the residential property market remains to be seen.

On 5 October 2012, the MAS announced limits on loan tenure for residential property loans and reduced LTV Limit for residential property loans issued by banks subject to MAS regulation. The new rules took effect on 6 October 2012. Loan tenures for residential property loans are capped at 35 years (compared to no limit on tenure previously), whilst residential property loans with tenures greater than 30 years or maturing beyond the borrower's retirement age (currently 65) will have a reduced LTV Limit of 60 per cent. Similarly, those persons with outstanding residential property loans wishing to apply for further residential property loans with tenures exceeding 30 years or maturing beyond retirement age will be subject to a reduced LTV Limit of 40 per cent. Also, the LTV Limit for residential property loans to non-individual borrowers will be lowered to 40 per cent.

The MAS further announced the following measures which would take effect on 12 January 2013:

(i) for individuals obtaining a second housing loan, the LTV Limit will be lowered to 50%, or 30% if the loan tenure exceeds 30 years or the loan period extends beyond the borrower's retirement age of 65;

(ii) for individuals obtaining third or subsequent housing loans, the LTV Limit will be lowered to 40% or 20% if the loan tenure exceeds 30 years or the loan period extends beyond the borrower's retirement age of 65; and

(iii) for non-individual borrowers, the current LTV Limit of 40% will be lowered to 20%.

There is no change to the existing LTV Limit for individual borrowers who have no outstanding housing loans.

Further, in June 2013, the MAS introduced a new Total Debt Servicing Ratio ("**TDSR**") framework for all property loans granted by financial institutions to individuals. The new TDSR framework requires financial institutions to take into consideration borrowers' other outstanding debt obligations when granting property loans. The TDSR is the percentage of total monthly debt obligations to gross monthly income. The MAS expects any property loan extended by financial institutions not to exceed a TDSR threshold of 60 per cent. and will regard any property loan in excess of a 60 per cent. TDSR to be imprudent. The MAS has further stated that it will review the 60 per cent. threshold over time, with a view to further encouraging financial prudence. The MAS also stated that the LTV Limit on housing loans, which were last tightened in January 2013, are not permanent and will be reviewed depending on the state of the property market. On 10 February 2014, the MAS announced that for owner-occupied residential properties acquired before 29 June 2013, a borrower is exempt from meeting the TDSR threshold so long as he occupies the residential property that is refinanced. Further, a similar concession will apply with regard to loan tenures for residential properties purchased before the respective implementation dates for the loan tenure limits. In such cases, borrowers whose loan tenures for their owner-occupied residential properties exceed the current regulatory limits will be allowed to maintain the remaining tenures of their loans at the point of refinancing.

The introduction of the TDSR framework and any future reduction in the acceptable TDSR threshold or allowable LTV Limit may have an adverse effect on the Singapore residential property market.

The profit earned from, and the value of, the Group's retail and commercial properties may be adversely affected by the factors enumerated below

The revenue earned from, and the value of, the Group's retail and commercial properties may be adversely affected by a number of factors, including:

(a) vacancies following the expiry or termination of leases that lead to lower occupancy rates which reduce the Group's revenue;

(b) the inability to collect rent from tenants on a timely basis or at all;

(c) rental rebates given to tenants facing market pressure;

(d) tenants seeking the protection of bankruptcy laws which could result in delays in the receipt of rent payments, inability to collect rental income, or delays in the termination of the tenant's lease, which could hinder or delay the re-letting of the space in question;

(e) the amount of rent payable by tenants and the terms on which lease renewals and new leases are agreed being less favourable than current leases;

(f) the local and international economic climate and real estate market conditions (such as oversupply of, or reduced demand for, retail and commercial space, changes in market rental rates and operating expenses for the Group's properties);

(g) inability to arrange for adequate management and maintenance or to put in place adequate insurance;

(h) competition for tenants from other properties which may affect rental levels or occupancy levels at the Group's properties;

(i) changes in law and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and government charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to laws relating to building standards or town planning laws, or the enactment of new laws related to condemnation and redevelopment;

(j) acts of God, wars, terrorist attacks, riots, civil commotions and other events beyond the Group's control; and

(k) high interest rates.

Downturn in the commercial and residential property sectors will likely have a direct impact on the Group's revenues and cashflow

The Group's financial performance will be linked to economic conditions in the Singapore market for retail, commercial and residential space generally. The demand for retail, commercial and residential space in Singapore could be adversely affected by any of the following:

(a) weakness in the national and regional economies;

(b) a decline in the number of tourist arrivals to Singapore;

(c) adverse financial conditions of certain large corporations and retailing companies;

(d) supply exceeding demand for retail, commercial or residential space in Singapore;

(e) an increase in consumer purchases through catalogues or the internet and reduction in the demand for tenants to occupy the Group's retail properties as a result of the internet and e-commerce;

(f) the timing and costs associated with property improvements and rentals;

(g) any changes in taxation and zoning laws;

(h) adverse government regulation;

(i) employment levels;

(j) availability of financing; and

(k) higher interest rates.

To the extent that any of these factors occur, they are likely to impact market rents for retail and commercial space and sales of residential units which will then affect the Group's financial condition and results of operations.

The Group's property development business is capital intensive and may require the Group to seek external financing which may not be available on terms favourable to the Group or at all

Pre-sales of the Group's development properties may reduce the Group's need to seek external financing, as the Group receives payments in advance from purchasers of its development properties. However, there can be no assurance that such pre-sales will be sufficient to cover all of the anticipated financing needs of the Group. The Group's property development business is capital-intensive and the Group may be required to seek external financing to fund working capital or capital expenditure to support the growth of its businesses, land acquisitions, property developments and/or to refinance existing debt obligations. The Group's ability to arrange for external financing on terms that will allow it a commercially acceptable return and the cost of such financing are dependent on numerous factors that are beyond its control, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in the Group, success of the Group's businesses, tax and securities laws that may be applicable to the Group's efforts to raise capital, changes in laws and regulations which may affect the terms on which financial institutions are willing to extend credit to it, any restrictions imposed by various banking institutions on providing financing to companies operating in the property sector in countries where the Group operates and political and economic conditions. These factors may limit the Group's flexibility and ability to use external financing to cover all of the anticipated financing needs of the Group and the Group may therefore need to maintain a relatively high level of internally sourced cash. Further, even though external financing may be obtained by the Group, such financing may be on terms which restrict it in certain ways, including limiting its ability to pay dividends or requiring it to procure consents before it can pay dividends to holders of shares. Additionally, the Group's level of indebtedness means that a material portion of its expected cash flow may be required to be dedicated to the payment of interest on its indebtedness, thereby reducing the funds available to the Group for use in its general business operations.

Other factors that could affect the Group's ability to procure financing include the cyclicality of the property market and market disruption risks which could adversely affect the liquidity, interest rates and the availability of funding sources. In addition, further consolidation in the banking industry in Singapore may also reduce the availability of credit as the merged banks seek to reduce their combined exposure to one company or sector.

The Group's level of indebtedness may also restrict its ability to obtain additional financing for capital expenditure, acquisitions or general corporate purposes and may cause it to be particularly vulnerable in the event of a general economic downturn. There can be no assurance that additional financing, either on a short-term or a long-term basis, would be available or, if available, that such financing would be obtained on terms favourable to the Group or that any additional financing will not be dilutive to its shareholders.

The Group's future cash flow may be affected by the Group's exposure to key tenants

Part of the Group's retail and commercial space is leased to tenants considered key tenants because of their ability to attract customers and/or to attract other potential tenants. The Group's ability to lease vacant units and the value of such units in the Group's retail and commercial properties could be adversely affected by the loss of a key tenant in the event such key tenant files for bankruptcy or insolvency or experiences a downturn in its business. Space that has been vacated by a key tenant can reduce the demand for and value of other retail and commercial units in the Group's retail and commercial properties, for example, in the case of retail units, because of the loss of the departed key tenant's consumer-drawing power. In addition, the Group may face difficulties in finding suitable replacement tenants for space vacated by key tenants in a timely manner, if at all, and if found, the lease terms with such replacement tenants may be less favourable or satisfactory.

Under certain market conditions, key tenants may receive more favourable terms, for example, lower rental rates or other incentives. Accordingly, the Group's ability to optimise its revenue and cashflow for such retail and commercial space that has been leased to such key tenants could be adversely affected. Any of these events could materially and adversely affect the Group's Performance.

The Group is subject to the risk of inability to collect from tenants or the inability of tenants to continue or renew its leases

The Group may experience delays in the collection of rent or even non-payment of rent. The Group may also not be able to collect rent from properties under renovation or repair where such renovation or repair causes the properties to be untenantable or unfit for occupation. The inability to collect rent from tenants or because of prolonged renovation or repair works as aforesaid could affect the Group's Performance.

There is no assurance that the businesses of the Group's tenants will be successful and they will be able to renew their leases or even complete their existing leases.

In the event that the Group does not find replacement tenants or the terms of replacement tenancies are less favourable to the Group than current leases, the Group faces the risk that vacancies following non-renewal of leases may lead to reduced occupancy levels or that the terms of replacement tenancies could be less favourable than current leases, which may in turn reduce the Group's revenue. If the leases are not renewed or are renewed on terms less favourable to the Group than those of current leases in a concentrated manner in a year, this could affect the Group's Performance for that year. In addition, if a concentration of leases expire at the same time, this might give the Group's existing or prospective tenants leverage in negotiating a lower rental price, which might adversely impact the Group's Performance.

The Group is dependent on its ability to develop its land bank and identify potentially profitable projects

The performance of the Group is dependent on its ability to develop its land bank and identify potentially profitable property projects. The viability and profitability of property projects are affected by the general economic conditions, prevailing interest rates and the cost of construction. The failure to develop the Group's land bank and identify potentially profitable new property projects may have an adverse effect on the Group's Performance.

The retail industry is subject to changing trends and the Group's success is dependent upon the ability of its tenants to supply goods responsive to such changes

The retail industry is subject to changing trends in fashion and consumer preferences. Selection and timing of merchandise purchases are crucial. The success of tenants in the Group's retail space is to a large degree contingent on their ability to anticipate these trends and to cater to the resulting tastes of their customers. Incorrect forecasting of future demand could result in an excess or shortage of inventory, which could lead to higher interest charges, price reductions or write-downs on slow-moving or excess stock, and the risk of alienating consumers who might then seek alternative shopping experiences.

In addition, the Group's tenants may suffer a loss of profits if the products they offer are superseded by more modern and popular merchandise and if the increasing speeds of innovation result in significant liabilities to the Group's tenants in the form of obsolete stock that is quickly outdated and difficult to sell. In these circumstances, the Group may be exposed to the risk of tenant defaults under its lease agreements and damage to the image of the Group's retail properties, which will adversely affect the Group's Performance.

The Group's retail rental income may decline if it is unable to successfully market its retail properties

The Group's ability to attract tenants may be affected by the success or failure of the Group's marketing and promotional efforts. Future marketing efforts may be costly. If the Group were to undertake a major marketing campaign without success, it could have a negative impact upon the Group's revenue. In either event, increased costs and decreased margins, accompanied by static or decreased rental income, could materially and adversely impact the Group's Performance.

The Group faces increasing competition in its key markets

The Group's real estate business competes with both domestic and international companies with respect to factors such as location, facilities and supporting infrastructure, services, pricing, concept and design. Intensified competition amongst real estate developers may result in increased costs for land acquisition, lower profit margins, over-supply of properties and a slowdown in the approval process for new property developments by the relevant governmental authorities, all of which may adversely affect the Group's property development business. Some of these companies have significant financial resources, marketing and other capabilities. As a result, there can be no assurance that the Group will be able to compete successfully in the future against its existing or potential competitors or that increased competition with respect to the Group's activities may not have a material adverse effect on the Group's Performance. Furthermore, this competition may reduce the opportunities for the Group to invest in projects that could add value.

Certain construction risks may arise during the building of any new property

Construction of new developments entails significant risks, as, amongst other things, the time taken to complete a project and the costs of development may be adversely affected by various factors, including shortages of materials or skilled labour, unforeseen engineering, environmental or geological problems, work stoppages, litigation, weather interference, floods and unforeseen cost increases, any of which could give rise to delayed completions or cost overruns. Workplace accidents and fatalities could also have an adverse impact on the Group's reputation and result in fines and litigation.

Difficulties in obtaining any requisite licences, permits, allocations or authorisations from regulatory authorities could also increase the cost, or delay the construction, launch or completion of, new developments. The occurrence of any of the above events may result in delays in the construction, launch or completion of the Group's property developments or cost overruns, resulting in increased costs and lower returns on investments than originally expected and adversely affect the Group's Performance.

The Group relies on third-party contractors to provide various services and is therefore exposed to the ability of these third-party contractors to carry out these services on time and satisfactorily

The Group also engages third-party contractors to provide various services in connection with its residential, commercial and integrated developments, including design, engineering, construction, piling and foundation, building and property fitting-out work, interior decoration, installation of air-conditioning units and lifts, and gardening and landscaping works. The Group is therefore exposed to factors affecting the construction industry including market demand and supply, fluctuations in costs of construction materials and cyclical shifts in construction costs.

There is a risk that major contractors may experience financial or other difficulties (including shortage of building materials) which may affect their ability to carry out construction works, thus delaying the completion of development projects or resulting in additional costs to the Group. There can also be no assurance that the services rendered by third-party contractors will always be satisfactory or match the Group's targeted quality levels. All of these factors could adversely affect the Group's Performance and hence the Group's reputation.

The Group could incur significant costs related to environmental matters

The Group is subject to various laws and regulations relating to protection of health and the environment that may require a current or previous owner of real estate to investigate and clean up hazardous or toxic substances at a property. For example, owners and operators of real estate may be liable for the costs of removal or remediation of certain hazardous substances or other regulated materials on or in such property. Such laws often impose liability without regard as to whether the owner or operator knew of, or was responsible for, the presence of such substances or materials. The cost of investigation, remediation or removal of hazardous waste, asbestos or other toxic substances may be substantial.

Environmental laws may also impose compliance obligations on owners and operators of properties with respect to the management of hazardous materials and other regulated substances. Failure to comply with these laws can result in penalties or other sanctions.

Existing environmental reports and investigations with respect to any of the Group's properties may not reveal (i) all environmental liabilities, (ii) whether prior owners or operators of the properties had created any material environmental condition not known to the Group or (iii) whether a material environmental condition exists in any one or more of the properties. There also exists the risk that material environmental conditions, liabilities or compliance concerns may have arisen after the review was completed or may arise in the future. Finally, future laws, ordinances or regulations and future interpretations of existing laws, ordinances or regulations may impose additional material environmental liability. The Group may be subject to liabilities or penalties relating to environmental matters which could adversely affect the Group's Performance.

The Group depends on key personnel for its continued success, and may not be able to replace them if they cease to work for the Group

The Group places substantial reliance on the experience and the institutional knowledge of members of the current management team. Finding suitable replacements for members of the management team could be difficult, and competition for such personnel of similar experience is intense. The loss of the services of one or more members of the management team due to their departures or otherwise could hinder the Group's ability to effectively manage its business and implement its growth strategies.

The performance of the Group may be affected by the Group's ability to attract and retain employees

The performance of the Group depends largely on its ability to attract, train, retain and motivate high quality personnel, especially for its management and technical teams. Whilst the Group recognises the importance of human capital and the desirability of developing and retaining key employees, the loss of such key employees may have an adverse effect on the Group's Performance. If the Group is not able to retain, hire and train qualified managerial and other employees, the Group's Performance may be materially and adversely affected.

The Group is subject to interest rate fluctuations

The Group faces risks in relation to interest rate movements, particularly as a result of debt undertaken to finance its developments. Consequently, the interest cost to the Group for the floating interest rate debt will be subject to fluctuations in interest rates. This could in turn have a material and adverse effect on the Group's Performance. The Group may enter into some hedging transactions to partially mitigate the risk of interest rate fluctuations.

The Group is subject to changes in commodity prices

The Group faces risks in relation to changes in commodity prices due to the consumption of large quantities of building materials, including raw iron, steel, sand, granite and concrete, in its property development operations. As a property developer, in general, the Group enters into fixed or guaranteed maximum price construction contracts with independent construction companies. These contracts typically cover both the supply of the building materials and the construction of the project during the construction period. In accordance with industry practice, the Group or its contractors may amend existing construction contracts, including fixed or maximum price terms, to take into account significant price movements of construction materials. Therefore, should the price of building materials increase significantly prior to the Group entering into a fixed or guaranteed maximum price construction contract, or should its existing contractors fail to perform under their contracts, the Group may be required to pay more to existing or prospective contractors, which could materially and adversely affect the Group's Performance.

The Group's property investments are relatively illiquid

Certain of the Group's real estate investments, particularly investments in high value properties, are relatively illiquid. Such illiquidity limits the ability of an owner or a developer to convert real estate assets into cash on short notice or may require a substantial reduction in the price that may otherwise be sought for such asset to ensure a quick sale. Such illiquidity also limits the ability of the Group to vary its portfolio in response to changes in economic, real estate market or other conditions. This could have an adverse effect on the Group's Performance, with a consequential adverse effect on the Group's ability to make expected returns. Moreover, the Group may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to its illiquidity.

The Group may suffer uninsured losses or losses in excess of insured limits

The Group maintains insurance policies where practicable, covering both its assets and employees, in line with general business practices in the countries in which the Group operates in the real estate industry, with policy specifications and insured limits which the Group believes are adequate. Risks insured against include fire, business interruption, lightning, flooding, theft, vandalism and public liability. There are, however, certain types of losses (such as from wars, acts of terrorism or acts of God) that generally are not insured because they are either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur or insurers fail to fulfil their obligation for the sum assured, the Group could be required to pay compensation and/or lose capital invested in the property, as well as anticipated future revenue from that property. The Group may also remain liable for any mortgage indebtedness or other financial obligations related to the relevant property. Any such loss could adversely affect the Group's Performance. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future or that adequate insurance coverage for the Group will be available in the future on commercially reasonable terms or at commercially reasonable rates.

The Group is subject to risks in relation to its pre-sold properties

In the event the Group pre-sells any properties prior to completion of construction, it may be liable for potential losses that purchasers may suffer if there is a failure or delay in the delivery of such pre-sold properties. Failure to complete a property development on time may be attributed to factors such as the time taken and the costs involved in completing construction, which are in turn adversely affected by factors such as delays in obtaining requisite licences, permits or approvals from government agencies or authorities, shortages of labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents and changes in government priorities and policies. If the delay in delivery extends beyond the contractually specified period, the purchasers may also be entitled to terminate the pre-sale agreements and claim refunds of monies paid, damages and compensation for late delivery. There is no assurance that the Group will not experience significant delays in completion or delivery.

Furthermore, there is a risk that due to conditions in financial markets, difficult economic conditions, purchasers of such pre-sold properties may not be able to obtain credit to finance their purchases and/or might become insolvent or there is a risk that purchasers may for any reason decide not to proceed with the purchase. The ability of purchasers to obtain credit to finance their purchases may also be affected by changes in government policies, laws and regulations. This would result in such purchasers delaying or being unable to meet their payment obligations in respect of such pre-sold properties which could adversely affect the Group's Performance.

The Group may be involved in legal and other proceedings arising from its operations from time to time

The Group may be involved from time to time in disputes with various parties such as contractors, sub-contractors, suppliers, construction companies, purchasers and other partners in relation to the development, operation, purchase and sale of its properties. These disputes may lead to legal and other proceedings, and may cause the Group to suffer additional costs and delays.

In addition, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable orders, directives or decrees that result in financial losses and delay the construction or completion of its projects.

The Group's land and/or real property may be subject to compulsory acquisition

Land and real property comprise a significant part of the Group's property development business. Under Singapore law, the Singapore government has the power to acquire any land in Singapore for any public purpose, if the acquisition is for public benefit or utility or in the public interest or for any residential, commercial or industrial purposes.

The compensation paid to the Group in respect of acquired land and/or real property could be less than its market value and this could adversely affect the Group's performance.

Outbreaks of infectious diseases or any other serious public health concerns in Asia and elsewhere could adversely impact the Group's Performance

The outbreak of an infectious disease such as Influenza A (H1N1), avian influenza, H5N1, Severe Acute Respiratory Syndrome or the Ebola virus disease in Asia and elsewhere, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy and business activities in Asia and could thereby adversely impact the Group's Performance. There can be no assurance that any precautionary measures taken against infectious diseases would be effective. A future outbreak of an infectious disease or any other serious public health concern in Asia could have an adverse effect on the Group's Performance.

Terrorist attacks, other acts of violence or war and adverse political developments may adversely affect the Group's Performance

Terrorist attacks, other acts of violence or war and adverse political developments may affect the business and results of operations of the Group. Further developments stemming from these events or other similar events could cause further volatility. The direct and indirect consequences of any of these terrorist attacks, armed conflicts or political unrest are unpredictable, and the Group may not be able to foresee events that could have an adverse effect on the Group's Performance.

PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

The net proceeds arising from the issue of Securities under the Programme (after deducting issue expenses) will be used for general corporate purposes which may include refinancing certain of the existing borrowings, and financing capital expenditure, investments and general working capital of the Group or such other purpose(s) as may be specified in the relevant pricing supplement.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

In respect of Securities which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Securities that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Securities which are accepted for clearance by CDP, the entire issue of the Securities is to be held by CDP in the form of a Global Security or Global Certificate for persons holding the Securities in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Securities between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third Business Day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Securities through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the Securities in such securities sub-accounts for themselves and their clients. Accordingly, Securities for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Securities in direct securities accounts with CDP, and who wish to trade Securities through the Depository System, must transfer the Securities to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Securities in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant paying agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the IRAS and the MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Securities or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive tax incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Securities are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Securities, including the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arrangers or any other persons involved in the Programme accept responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of the Securities.

*In addition, the disclosure below is on the assumption that the Comptroller of Income Tax in Singapore (the "**Comptroller**") regards each tranche of the Perpetual Securities as "debt securities" for the purposes of the ITA and that distribution payments made under each tranche of the Perpetual Securities will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax concessions and exemptions available for qualifying debt securities, provided that the other conditions for the Qualifying Debt Securities scheme are satisfied. If any tranche of the Perpetual Securities is not regarded as "debt securities" for the purposes of the ITA and holders thereof are not eligible for the tax concessions under the Qualifying Debt Securities scheme, the tax treatment to holders may differ. Investors and holders of any tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any tranche of the Perpetual Securities.*

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is 17% with effect from year of assessment 2010. The applicable rate for non-resident individuals is 20%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The rate of 15% may be reduced by applicable tax treaties.

Notwithstanding the above, with effect from 29 December 2009, the said deeming provisions of Section 12(6) of the ITA would not apply to payments for any arrangement, management, service or guarantee relating to any loan or indebtedness, where: (i) the arrangement, management or service is performed outside Singapore; or (ii) the guarantee is provided, for or on behalf of a person resident in Singapore or a permanent establishment in Singapore by a non-resident person who:

(i) is not an individual, is not incorporated, formed or registered in Singapore; and

(ii) (A) does not by himself or in association with others, carry on a business in Singapore and does not have a permanent establishment in Singapore; or

(B) carries on a business in Singapore (by himself or in association with others) or has a permanent establishment in Singapore, but (a) the arrangement, management or service is not performed through; or (b) the giving of the guarantee is not effectively connected with, that business carried on in Singapore or that permanent establishment.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium or break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

The terms "break cost", "prepayment fee" and "redemption premium" are defined in the ITA as follows:

> "**break cost**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;
>
> "**prepayment fee**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and
>
> "**redemption premium**", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have the same meaning as defined in the ITA.

In addition, as the Programme as a whole was arranged by The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and Oversea-Chinese Banking Corporation Limited, each of which was a Financial Sector Incentive (Bond Market) Company (as defined in the ITA) at such time, any tranche of the Securities issued during the period from the date of this Information Memorandum to 31 December 2018 (the “**Relevant Securities**”) would be, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled “Extension and Refinement of Tax Concessions for Promoting the Debt Market” issued by MAS on 28 June 2013, “qualifying debt securities” for the purposes of the ITA, to which the following treatment shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller may direct, of a return on debt securities for the Relevant Securities within such period as the Comptroller may specify and such other particulars in connection with the Relevant Securities as the Comptroller may require to the MAS and the inclusion by the Issuer in all offering documents relating to the Relevant Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Securities is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Securities using funds from that person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “**Specified Income**”) from the Relevant Securities, derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Securities are not obtained from the operation, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller may direct, of a return on debt securities for the Relevant Securities within such period as the Comptroller may specify and such other particulars in connection with the Relevant Securities as the Comptroller may require to the MAS), Specified Income from the Relevant Securities derived by any company or body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10%; and

(iii) subject to:

(aa) the Issuer including in all offering documents relating to the Relevant Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA; and

(bb) the Issuer, or such other person as the Comptroller may direct, furnishing to the MAS a return on debt securities for the Relevant Securities within such period as the Comptroller may specify and such other particulars in connection with the Relevant Securities as the Comptroller may require,

Specified Income derived from the Relevant Securities is not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

(A) if during the primary launch of any Tranche of Relevant Securities, the Relevant Securities of such Tranche are issued to fewer than four (4) persons and 50% or more of the issue of such Relevant Securities is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Securities would not qualify as "qualifying debt securities"; and

(B) even though a particular Tranche of Relevant Securities are "qualifying debt securities", if, at any time during the tenure of such Tranche of Relevant Securities, 50% or more of the issue of such Relevant Securities is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income derived from such Relevant Securities held by:

    (i) any related party of the Issuer; or

    (ii) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the Issuer,

    shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Notwithstanding that the Issuer is permitted to make payments of Specified Income in respect of the Relevant Securities without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose Specified Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Relevant Securities is not exempt from tax is required to include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the furnishing by the Issuer or such other person as the Comptroller may direct, of a return on debt securities in respect of the qualifying debt securities within such period as the Comptroller may specify and such other particulars in connection with the qualifying debt securities as the Comptroller may require to the MAS), income tax exemption is granted on Specified Income derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

(a) are issued during the period from 16 February 2008 to 31 December 2018;

(b) have an original maturity date of not less than 10 years;

(c) either –

    (i) if they are issued before 28 June 2013, cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; or

    (ii) if they are issued on or after 28 June 2013, cannot have their tenure shortened to less than 10 years from the date of their issue, except under such circumstances as may be prescribed by regulations; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

The MAS has also released MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" dated 28 June 2013, providing details in respect of the refinement of the QDS Plus Scheme to allow debt securities with certain standard early termination clauses to qualify for the QDS Plus Scheme at the point of issuance. Examples of standard early termination clauses include clauses which provide for early termination due to a taxation event, default event, change of control event, change of shareholding event or change in listing status of an issuer. Subsequently, should the debt securities be redeemed prematurely due to standard early termination clauses (i.e. before the 10th year), the income tax exemption granted to income exempt under the QDS Plus Scheme prior to redemption will not be clawed back. Instead, the QDS Plus status of the debt securities will be revoked prospectively for outstanding debt securities, if any. The outstanding debt securities may still enjoy tax benefits under the "qualifying debt securities" scheme if the other conditions for "qualifying debt securities" continue to be met. Debt securities with embedded options with economic value (such as call, put, conversion or exchange options which can be triggered at specified prices or dates and are built into the bond's pricing at the onset) which can be exercised within 10 years from the date of issuance will continue to be excluded from the QDS Plus Scheme from the onset. This refinement of the QDS Plus Scheme will take effect for debt securities that are issued on or after 28 June 2013.

In determining an investor's income that is to be exempted from tax under the QDS Plus Scheme, prescribed conditions apply in relation to how the investor's losses, expenses and capital allowances which are attributable to exempt income are to be treated.

However, even if a particular Tranche of the Relevant Securities are "qualifying debt securities" which qualify under the QDS Plus Scheme, if, at any time during the tenure of such Tranche of Relevant Securities, 50% or more of the issue of such Relevant Securities is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income from such Relevant Securities derived by:

(aa) any related party of the Issuer; or

(bb) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Securities will not be taxable in Singapore. However, any gains derived by any person from the sale of the Securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Securities who are adopting Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement ("**FRS 39**"), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Securities, irrespective of disposal. Please see the section below on "Adoption of FRS 39 treatment for Singapore income tax purposes".

3. Adoption of FRS 39 treatment for Singapore income tax purposes

The Inland Revenue Authority of Singapore has issued a circular entitled "Income Tax Implications arising from the adoption of FRS 39 – Financial Instruments: Recognition & Measurement" (the "**FRS 39 Circular**"). Legislative amendments to give effect to the FRS 39 Circular have been enacted in Section 34A of the ITA.

The FRS 39 Circular and Section 34A of the ITA generally apply, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Securities who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after February 15, 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Securities to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Securities from the Issuer pursuant to the Programme Agreement.

United States

The Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

The Bearer Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed that, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Securities of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of such Tranche, as determined and certified to the Issuer by the Issuing and Paying Agent, by such Dealer (or, in the case of an issue of Securities on a syndicated basis, the relevant lead manager), of all Securities of the Tranche of which such Securities are a part, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Securities, an offer or sale of Securities within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Hong Kong

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

General

No action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction (other than Singapore) where action for that purpose is required.

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Securities or any interest therein or rights in respect thereof or has in its possession or distributes, any other document or any Pricing Supplement.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Securities or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. (a) The names, positions, ages, academic and professional qualifications and board committees of the Directors are set out below:

Name of Director	Age	Academic and Professional Qualifications	Board Committees served on as Chairman or Member
Mr Cheong Pin Chuan (Joint Managing Director/Executive Director)	65	Graduate of the Footscray Institute of Technology in Australia Member of the Australian Society of Certified Practising Accountants and the Hong Kong Institute of Certified Public Accountants	Joint Chairman of the Board
Mr Cheong Sim Eng (Joint Managing Director/Executive Director)	53	Bachelor of Arts	Joint Chairman of the Board
Ms Cheong Hooi Kheng(1) (Executive Director)	61	Bachelor of Science Master of Business Administration	–
Mr Tan Tock Han(1) (Non-Executive Director)	68	–	Member of Audit And Risk Management Committee, Nominating Committee and Remuneration Committee
Mr Chow Yew Hon (Non-Executive Director and Lead Independent Director)	63	Bachelor of Business Administration (Honours) Completed the Pacific Rim Bankers' Programme in the United States of America	Member of Audit and Risk Management Committee and Chairman of Nominating Committee and Remuneration Committee
Mr Lim Jun Xiong Steven(2) (Non-Executive Director)	58	Bachelor's degree in Commerce	Chairman of Audit and Risk Management Committee and Member of Nominating Committee and Remuneration Committee

Notes:

(1) Ms Cheong Hooi Kheng and Mr Tan Tock Han are also directors of KTL Global Limited.

(2) Mr Lim Jun Xiong Steven is also director of Bund Center Investment Ltd, Keong Hong Holdings Limited, Mirach Energy Limited and Sapphire Corporation Limited.

(b) No Director is or was involved in any of the following events:

(i) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;

(ii) a conviction of any offence, other than a traffic offence, or judgment, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; and

(iii) the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

(c) As at the Latest Practicable Date, none of the Directors is related by blood or marriage to one another, other than as disclosed below:

(i) Mr Cheong Pin Chuan, Ms Cheong Hooi Kheng and Mr Cheong Sim Eng are siblings; and

(ii) Mr Tan Tock Han is the brother-in-law of Mr Cheong Pin Chuan, Ms Cheong Hooi Kheng and Mr Cheong Sim Eng.

(d) No option to subscribe for Shares or debentures of the Issuer has been granted to, or was exercised by, any Director during the last financial year ended 31 December 2013 up to the Latest Practicable Date.

(e) The interests of the Directors in the Shares as at the Latest Practicable Date are as follows:

Director	**Direct Interest (Number of Shares)**	**%**	**Deemed Interest (Number of Shares)**	**%**
Mr Cheong Sim Eng	93,174,160	11.77	40,923,435	5.17
Mr Cheong Pin Chuan	10,343,344	1.31	128,980,959	16.29
Ms Cheong Hooi Kheng	12,682,800	1.60	–	–
Mr Tan Tock Han	195,600	0.02	17,655,598	2.23

SHARE CAPITAL

2. As at the date of this Information Memorandum, there is only one class of ordinary shares in the Issuer. The rights and privileges attached to the Shares are stated in the Articles of Association of the Issuer.

3. The issued share capital of the Issuer as at the date of this Information Memorandum is as follows:

Share Designation	Issued Share(s)	Issued Share Capital (S$)
Ordinary Shares	791,465,621	186,688,384

BORROWINGS

4. Save as disclosed in Appendix VI, the Issuer has as at 30 June 2014 no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

5. After taking into account the present banking facilities and the net proceeds of the issue of the Securities, the Issuer will have adequate working capital for its present requirements.

CHANGES IN ACCOUNTING POLICIES

6. Save as disclosed in Appendices V and VI, there have been no significant changes in the accounting policies of the Issuer since its audited financial accounts for FY2013.

MATERIAL ADVERSE CHANGE

7. There have been no material adverse change in the financial condition or business of the Group since 30 June 2014.

LITIGATION

8. There are no legal or arbitration proceedings pending or threatened against the Issuer or any of its subsidiaries the outcome of which may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Issuer or the Group.

CONSENT

9. The Auditors to the Issuer have given and have not withdrawn their written consent to the issue of this Information Memorandum with the references herein to their name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

DOCUMENTS AVAILABLE FOR INSPECTION

10. Copies of the following documents may be inspected at the registered office of the Issuer at 300 Beach Road, #41-00 The Concourse, Singapore 199555 during normal business hours for a period of three (3) months from the date of this Information Memorandum:

    (a) the Memorandum and Articles of Association of the Issuer;

    (b) the Trust Deed;

    (c) the letter of consent referred to in paragraph 9 above;

(d) the audited consolidated financial statements of Hong Fok Corporation Limited for each of the last three financial years ended 31 December 2011, 31 December 2012 and 31 December 2013; and

(e) the announcement of the unaudited first quarter financial statement of the Group for the period ended 31 March 2014 and the announcement of the unaudited second quarter financial statement of the Group for the period ended 30 June 2014.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

11. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF HONG FOK CORPORATION LIMITED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

The information in this Appendix II has been reproduced from the annual report of Hong Fok Corporation Limited for the financial year ended 31 December 2011 and has not been specifically prepared for inclusion in this Information Memorandum.

INDEPENDENT AUDITORS' REPORT
Year Ended 31 December 2011

MEMBERS OF THE COMPANY
HONG FOK CORPORATION LIMITED

Report on the Financial Statements
We have audited the accompanying financial statements of Hong Fok Corporation Limited (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2011, the statements of comprehensive income and the statements of changes in equity of the Group and the Company and the cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 19 to 54.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements of the Group and the balance sheet, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and the results and changes in equity of the Group and of the Company and the cash flows of the Group for the year ended on that date.

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

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
23 March 2012

BALANCE SHEETS

As At 31 December 2011

	Note	Group 2011 $	Group 2010 $	Company 2011 $	Company 2010 $
Non-current Assets					
Fixed assets	3	**345,693**	312,238	**–**	–
Subsidiaries	4	**–**	–	**234,615,503**	238,310,336
Associates	5	**147,573,831**	153,056,249	**–**	–
Investment properties	6	**1,257,660,184**	1,104,802,636	**–**	–
Other investments	7	**2**	2	**–**	–
Other assets	8	**398,984**	396,578	**–**	–
		1,405,978,694	1,258,567,703	**234,615,503**	238,310,336
Current Assets					
Other investments	7	**311,302**	675,221	**–**	–
Development properties	9	**280,566,606**	283,673,325	**–**	–
Trade and other receivables	10	**3,022,211**	2,369,217	**3,210**	3,210
Cash and cash equivalents	11	**57,008,442**	44,213,071	**314,372**	314,112
		340,908,561	330,930,834	**317,582**	317,322
Total Assets		**1,746,887,255**	1,589,498,537	**234,933,085**	238,627,658
Equity Attributable to Owners of the Company					
Share capital	12	**186,688,384**	186,688,384	**186,688,384**	186,688,384
Reserves	13	**841,660,071**	700,653,340	**45,149,234**	44,739,882
Total Equity		**1,028,348,455**	887,341,724	**231,837,618**	231,428,266
Non-current Liabilities					
Trade and other payables	17	**1,643,549**	–	**–**	–
Obligations under finance leases	14	**11,001**	55,806	**–**	–
Loans	14	**598,253,191**	606,388,621	**–**	–
Financial guarantees	14	**–**	–	**–**	2,348,755
Deferred tax liability	15	**91,150,000**	63,985,800	**–**	–
		691,057,741	670,430,227	**–**	2,348,755
Current Liabilities					
Trade and other payables	17	**25,215,690**	28,807,539	**746,712**	720,105
Obligations under finance leases	14	**44,804**	44,804	**–**	–
Financial guarantees	14	**–**	–	**2,348,755**	4,130,532
Tax payable		**2,220,565**	2,874,243	**–**	–
		27,481,059	31,726,586	**3,095,467**	4,850,637
Total Liabilities		**718,538,800**	702,156,813	**3,095,467**	7,199,392
Total Equity and Liabilities		**1,746,887,255**	1,589,498,537	**234,933,085**	238,627,658

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

STATEMENTS OF COMPREHENSIVE INCOME

Year Ended 31 December 2011

	Note	Group 2011 $	Group 2010 $	Company 2011 $	Company 2010 $
Revenue	18	**129,236,139**	50,177,323	**–**	–
Other income	19	**352,288**	528,912	**–**	–
		129,588,427	50,706,235	**–**	–
Cost of sales of development properties		**(66,365,172)**	(2,054,591)	**–**	–
Depreciation of fixed assets	3	**(249,052)**	(186,816)	**–**	–
Exchange (loss)/gain, net		**(489)**	(175,901)	**228,186**	(2,634,698)
Gain on acquisition of a subsidiary	25	**–**	–	**–**	10,547,167
Gain on fair value of previously-held equity interest in associates	25	**–**	1,377,927	**–**	–
Gain on revaluation of investment properties		**151,070,875**	88,241,999	**–**	–
Impairment loss (made)/written back on investment in a subsidiary		**–**	–	**(3,517,650)**	974,533
Loss on dilution of interest in an associate	5	**(6,328,418)**	–	**–**	–
Negative goodwill	25	**–**	232,618	**–**	–
Other expenses		**(29,757,182)**	(28,712,071)	**(431,716)**	(753,580)
		177,958,989	109,429,400	**(3,721,180)**	8,133,422
Finance income	20	**–**	–	**4,130,532**	3,926,791
Finance expense	20	**(9,106,751)**	(9,398,889)	**–**	–
Net finance (expense)/income		**(9,106,751)**	(9,398,889)	**4,130,532**	3,926,791
Share of results of associates, net of tax		**(536,518)**	15,583,847	**–**	–
Profit before income tax	21	**168,315,720**	115,614,358	**409,352**	12,060,213
Income tax expense	23	**(28,660,400)**	(16,371,216)	**–**	–
Profit for the year attributable to Owners of the Company		**139,655,320**	99,243,142	**409,352**	12,060,213
Other comprehensive income					
Exchange differences on translation of financial statements of foreign subsidiaries and associates		**927,917**	(11,454,926)	**–**	–
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		**250,265**	(2,872,016)	**–**	–
Effect of realisation of exchange reserves previously-held as interest in associates		**–**	(824,215)	**–**	–
Change in fair value of available-for-sale investments		**173,229**	88,042	**–**	–
Other comprehensive income for the year, net of income tax		**1,351,411**	(15,063,115)	**–**	–
Total comprehensive income for the year attributable to Owners of the Company		**141,006,731**	84,180,027	**409,352**	12,060,213
Earnings per share (cents):					
Basic	24	**21.17**	15.05		
Diluted	24	**21.17**	15.05		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2011

Group	Share Capital $	Capital and Other Reserves $	Translation Reserves $	Retained Profit $	Total Attributable to Owners of the Company $
At 1 January 2010	186,688,384	2,378,571	(36,683,877)	650,778,619	803,161,697
Total comprehensive income for the year					
Profit for the year	–	–	–	99,243,142	99,243,142
Other comprehensive income					
Exchange differences on translation of financial statements of foreign subsidiaries and associates	–	–	(11,454,926)	–	(11,454,926)
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	–	–	(2,872,016)	–	(2,872,016)
Effect of realisation of exchange reserves previously-held as interest in associates	–	–	(824,215)	–	(824,215)
Change in fair value of available-for-sale investments	–	88,042	–	–	88,042
Total other comprehensive income	–	88,042	(15,151,157)	–	(15,063,115)
Total comprehensive income for the year	–	88,042	(15,151,157)	99,243,142	84,180,027
At 31 December 2010	186,688,384	2,466,613	(51,835,034)	750,021,761	887,341,724
At 1 January 2011	**186,688,384**	**2,466,613**	**(51,835,034)**	**750,021,761**	**887,341,724**
Total comprehensive income for the year					
Profit for the year	**–**	**–**	**–**	**139,655,320**	**139,655,320**
Other comprehensive income					
Exchange differences on translation of financial statements of foreign subsidiaries and associates	**–**	**–**	**927,917**	**–**	**927,917**
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	**–**	**–**	**250,265**	**–**	**250,265**
Change in fair value of available-for-sale investments	**–**	**173,229**	**–**	**–**	**173,229**
Total other comprehensive income	**–**	**173,229**	**1,178,182**	**–**	**1,351,411**
Total comprehensive income for the year	**–**	**173,229**	**1,178,182**	**139,655,320**	**141,006,731**
At 31 December 2011	**186,688,384**	**2,639,842**	**(50,656,852)**	**889,677,081**	**1,028,348,455**

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

STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2011

Company	Share Capital $	Retained Profit $	Total $
At 1 January 2010	186,688,384	32,679,669	219,368,053
Profit for the year – Total comprehensive income for the year	–	12,060,213	12,060,213
At 31 December 2010	186,688,384	44,739,882	231,428,266
At 1 January 2011	**186,688,384**	**44,739,882**	**231,428,266**
Profit for the year – Total comprehensive income for the year	**–**	**409,352**	**409,352**
At 31 December 2011	**186,688,384**	**45,149,234**	**231,837,618**

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

CONSOLIDATED CASH FLOW STATEMENT

Year Ended 31 December 2011

	Note	2011 $	2010 $
Operating Activities			
Profit before income tax		**168,315,720**	115,614,358
Adjustments for:			
Share of results of associates, net of tax		**536,518**	(15,583,847)
Amortisation of transaction cost of loans		**736,420**	732,037
Depreciation of fixed assets		**249,052**	186,816
Gain on disposal of other investments		**(33,179)**	(12,921)
Gain on fair value of previously-held equity interest in associates		**–**	(1,377,927)
Gain on revaluation of investment properties		**(151,070,875)**	(88,241,999)
Impairment in trade and other receivables and bad debts written off, net		**56,149**	150,824
Impairment loss written back on other assets		**(2,000)**	(24,000)
Loss on dilution of interest in an associate		**6,328,418**	–
Loss/(Gain) on disposal of fixed assets, net		**48**	(109)
Loss/(Gain) on remeasurement of other investments		**139,919**	(85,041)
Negative goodwill		**–**	(232,618)
Write-back of allowance for diminution in value of development properties		**(48,503)**	–
Interest income		**(70,689)**	(94,100)
Interest expense		**8,370,331**	8,666,852
		33,507,329	19,698,325
Changes in working capital:			
Development properties		**3,665,453**	2,855,053
Trade and other receivables		**(708,163)**	892,326
Trade and other payables		**(1,883,428)**	5,831,164
Cash generated from operations		**34,581,191**	29,276,868
Income tax paid		**(2,260,778)**	(2,469,973)
Interest income received		**82,829**	76,982
Income tax refund		**110,900**	–
Cash Flows from Operating Activities		**32,514,142**	26,883,877
Investing Activities			
Capital expenditure on investment properties		**(1,786,673)**	(1,737,113)
Purchase of fixed assets		**(285,265)**	(50,456)
Purchase of other investments		**–**	(11,000)
Proceeds from disposal of fixed assets		**2,710**	2,921
Proceeds from disposal of other investments		**257,179**	117,431
Acquisition of a subsidiary, net of cash acquired	25	**–**	(9,492,045)
Cash Flows from Investing Activities		**(1,812,049)**	(11,170,262)
Financing Activities			
Interest expense paid		**(8,945,675)**	(9,201,893)
Payment of finance lease rentals		**(44,805)**	(54,604)
Repayment of loans		**(9,000,000)**	(8,700,000)
Proceeds from loans		**83,150**	4,473,500
Cash Flows from Financing Activities		**(17,907,330)**	(13,482,997)
Net Increase in Cash and Cash Equivalents		**12,794,763**	2,230,618
Cash and cash equivalents at beginning of the year		**44,213,071**	42,449,150
Effect of exchange rate fluctuations		**608**	(466,697)
Cash and Cash Equivalents at End of the Year	11	**57,008,442**	44,213,071

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2011

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 23 March 2012.

1 DOMICILE AND ACTIVITIES

Hong Fok Corporation Limited is a company incorporated in the Republic of Singapore and has its registered office at 300 Beach Road #41-00, The Concourse, Singapore 199555.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries consist of property investment, property development and construction, property management, investment trading and investment holding and management.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the Group) and the Group's interests in associates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

The financial statements have been prepared on the historical cost basis except for the following material items in the balance sheet:

- Financial instruments at fair value through profit or loss are measured at fair value
- Available-for-sale financial assets are measured at fair value
- Investment properties are measured at fair value

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information is presented in Singapore dollars, unless otherwise stated.

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

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 6 – revaluation of investment properties
- Note 9 – estimation of allowance for foreseeable losses and percentage of completion for properties under development

Starting as of 1 January 2011, on adoption of new/revised FRSs, the Group has changed its accounting policies in the following areas:

- Revised FRS 24 *Related Party Disclosures* (2010) requires the identification of parties that are related to the Group and the determination of the disclosures to be made on transactions and outstanding balances, including commitments, between the Group and its related parties. FRS 24 (2010) improved the definition of a related party in order to eliminate inconsistencies and ensure symmetrical identification of relationships between two parties.

  The adoption of FRS 24 (2010) affects only the disclosures made in the financial statements. There is no financial effect on the results and financial position of the Group for the current and previous financial years. Accordingly, the adoption of FRS 24 (2010) has no impact on earnings per share.

- INT FRS 115 *Agreements for the Construction of Real Estate and the Accompanying Note on Application of INT FRS 115 in Singapore* ("AN") in its accounting for revenue from sales of development properties for the year ended 31 December 2011.

Prior to the adoption of INT FRS 115 and the AN, revenue from sales of development properties was recognised using the percentage of completion ("POC") method as allowed under Recommended Accounting Practice 11 – *Pre-Completion Contracts For The Sale Of Development Property* ("RAP 11"). RAP 11 was withdrawn with effect from 1 January 2011 following the adoption of INT FRS 115.

Under INT FRS 115 and the AN, the Group continues to recognise revenue and profit based on the POC method for sale of development properties under the progressive payment scheme in Singapore.

Except for the above changes, the accounting policies set out below have been applied consistently by the Group to all periods presented in these financial statements.

2.2 Consolidation

Business Combinations

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

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

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

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

Subsidiaries

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

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

Loss of Control

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

Associates

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

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

In the Group's financial statements, they are accounted for using the equity method of accounting. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Dilution of interest in associate (while maintaining the original significant influence) is determined between the carrying amount of the investment in the equity-accounted investee, immediately before and after the transaction that resulted in the dilution. Any surplus or deficit arising on the dilution of interest is recognised in profit or loss.

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

Accounting of Subsidiaries and Associates
Investment in subsidiaries and associates are stated in the Company's balance sheet at cost less impairment loss.

2.3 Foreign Currencies

Translation of Foreign Currencies
Foreign currency transactions are translated to the respective functional currencies of the Group entities at rates ruling on transaction dates. Monetary assets and liabilities denominated in foreign currencies are retranslated into functional currency at rates of exchange closely approximate to those ruling at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Translation differences are dealt with through profit or loss, except for differences arising from retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation.

Foreign Operations
The assets and liabilities of foreign operations are translated into Singapore dollars at rates of exchange closely approximate to those ruling at the balance sheet date. The results of foreign operations are translated to Singapore dollars at exchange rates prevailing at date of transactions. Exchange differences resulting from the translation are taken directly to translation reserves. On disposal of the foreign operation, the accumulated translation differences are recognised in profit or loss as part of the gain or loss on sale.

Net Investment in a Foreign Operation
Exchange differences arising from monetary items that in substance form part of the Company's net investment in a foreign operation are recognised in the Company's profit or loss. Such exchange differences are reclassified to equity in the consolidated financial statements. When the foreign operation is disposed of, the cumulative amount in equity is transferred to profit or loss as an adjustment to profit or loss arising on disposal.

2.4 Fixed Assets

Owned Assets
Fixed assets are stated in the financial statements at cost less accumulated depreciation and impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed assets.

Gain or loss on disposal of an item of fixed assets is determined by comparing the proceeds from disposal with the carrying amount of fixed assets, and is recognised net within other income in profit or loss.

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

Leased Assets
Where fixed assets are financed by finance leases that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at the values equivalent to the present value of the total rental payable during the periods of the finance lease and the corresponding lease obligations are included under liabilities. The excess of the lease payments over the recorded lease obligations is treated as finance charges which are allocated over each finance lease term to give a constant rate of interest on the outstanding balance at the end of each period. Leased assets are stated in the financial statements at cost less accumulated depreciation and impairment loss. Assets acquired under finance leases are depreciated in accordance with the policy set out in Note 2.16.

Depreciation
Fixed assets are depreciated on a straight-line basis to write off their costs over their estimated useful lives at the following annual rates:

Office equipment and furniture	–	20% to 100%
Motor vehicles	–	20%
Plant and equipment	–	20% to 30%
Furniture	–	20%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

2.5 Investment Properties
Investment properties are commercial properties which are not held with the intention of sale in the ordinary course of business and are held for their income or investment potential.

Investment properties under development are commercial properties that are under construction and are held for their rental income or investment potential.

Investment properties are measured at cost on initial recognition and subsequently at fair value with any change recognised in profit or loss. The fair value is determined annually by independent professional valuers. Rental income from investment properties is accounted for in the manner described in Note 2.9.

When the Group holds a property interest under an operating lease to earn rental income or capital appreciation, the interest is classified and accounted for as investment properties on a property-by-property basis. Any such property interest which has been classified as investment properties is accounted for as if it is held under finance lease (see Note 2.16), and is accounted for in the same way as other investment properties leased under finance leases. Lease payments are accounted for as described in Note 2.16.

2.6 Financial Instruments
Non-derivative Financial Instruments
Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, loans, financial guarantees, obligations under finance leases and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, that is, the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

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

Cash and cash equivalents comprise fixed deposits, cash at banks and in hand. For the purpose of the consolidated cash flow statement, cash and cash equivalents are presented net of bank overdraft which is repayable on demand and which form an integral part of the Group's cash management.

Available-for-sale financial assets
The Group's investments in certain equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment loss, and foreign exchange gain or loss on available-for-sale monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

When an equity instrument does not have a quoted market price in an active market and other methods of determining fair value do not result in a reliable estimate, the investment is measured at cost less impairment loss.

Investments at fair value through profit or loss
An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated as fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

The fair value of financial assets classified as held for trading is determined as the quoted bid price at the balance sheet date.

Others
Other non-derivative financial instruments which comprise of loans and receivable and other financial liabilities are measured at amortised cost using the effective interest method, less any impairment loss.

Intra-group Financial Guarantees
Financial guarantees are classified as financial liabilities.

Financial guarantees are recognised initially at fair value. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to profit or loss.

Share Capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a reduction from equity, net of any tax effects.

2.7 Development Properties
Development properties are properties which are held with the intention of sale in the ordinary course of business. They include completed properties and properties under development.

Completed properties are stated at the lower of cost and Directors' estimate of net realisable value. Cost includes cost of land, borrowing costs and other related expenditure. Capitalisation of interest cost and other related expenditure ceases when the temporary occupation permit for the development is issued by the authorities or when active development is suspended for extended periods. Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

Properties under development are stated at cost less any allowance for foreseeable losses considered necessary by the Directors, net of progress instalments received and receivable. Cost comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding properties under development are capitalised, on a specific identification basis, as part of the cost of the development properties until the completion of development.

Allowance for foreseeable losses is made in the period in which such loss is determined.

2.8 Impairment

Impairment of Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Financial assets are tested for impairment on an individual basis. Any impairment loss is recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

Impairment loss in respect of financial assets measured at amortised cost and available-for-sale debt securities is reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Impairment loss once recognised in profit or loss in respect of available-for-sale equity securities is not reversed through profit or loss. Any subsequent increase in fair value of such assets is recognised directly in equity.

Impairment of Non-financial Assets

The carrying amounts of the Group's non-financial assets, other than development properties, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is charged to profit or loss unless it reverses a previous revaluation, credited in equity, in which case it is charged to equity.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its value in use and its fair value to use less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

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

2.9 Revenue Recognition

Revenue from sales of development properties is recognised using the percentage of completion method when the Group determines that (a) control and the significant risks and rewards of ownership of the work-in-progress transfer to the buyer in its current state as construction progresses, (b) sales price is fixed and collectible, (c) the percentage of completion can be measured reliably, (d) there is no significant uncertainty as to the ability of the Group to complete the development, and (e) costs incurred or to be incurred can be measured reliably.

The percentage of completion is measured by reference to the surveys of work performed. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work.

Rental income and maintenance fees are recognised in profit or loss on a straight-line basis over the term of the leases.

Revenue upon disposal of investments is recognised in profit or loss at the contractual date.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Car park and interest income from late payment by tenants are recognised in profit or loss on an accrual basis. Interest income from deposits is accrued on an effective interest basis.

Property management income is recognised in profit or loss upon rendering of the services.

2.10 Key Management Personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the entities. The Directors of the Group and its subsidiaries, Vice Presidents of the respective departments and Personal Assistant to Directors are considered as key management personnel of the Group.

2.11 Employee Benefits

Defined Contribution Plans

Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss as incurred.

2.12 Borrowing Costs

Borrowing costs comprise interest and other costs incurred in connection with the borrowing of funds.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset less any income on the temporary investment of these borrowings. The capitalisation rate is based on the attributable cost of the specific borrowings. All other borrowing costs are written off to profit or loss in the year in which they are incurred except for fees for the arrangement of financing facilities which are recognised over the period of the facilities on an effective interest basis.

2.13 Income Tax Expense

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

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

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

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

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

2.14 Related Parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

2.15 Finance Income and Expense

Finance income relates to amortisation of financial guarantees that are recognised in profit or loss.

Finance expense comprises interest expense on loans and amortisation of transaction costs capitalised. All borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

2.16 Leases

When Entities within the Group are Lessees of a Finance Lease

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, fixed assets acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance expense and reduction of the lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

At inception, an arrangement that contains a lease is accounted for as such based on the terms and conditions even though the arrangement is not in the legal form of a lease.

When Entities within the Group are Lessors of an Operating Lease

Assets subject to operating leases are included in investment properties and are stated at fair value and not depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.17 Government Grants – Jobs Credit Scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised upon receipt. Such grants are provided to defray the wage costs incurred by the Group and are offset against staff costs in the financial statements.

2.18 Segment Reporting

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

3 FIXED ASSETS

Group	Office Equipment and Furniture $	Motor Vehicles $	Plant and Equipment $	Furniture $	Total $
Cost					
At 1 January 2010	1,276,553	876,358	1,177,590	129,027	3,459,528
Translation differences	–	(5,475)	–	–	(5,475)
Additions	47,306	–	3,150	–	50,456
Disposals	(33,120)	(2,299)	(7,065)	(10,670)	(53,154)
Acquisition of a subsidiary	39,274	–	12,715	80,429	132,418
At 31 December 2010	1,330,013	868,584	1,186,390	198,786	3,583,773
At 1 January 2011	**1,330,013**	**868,584**	**1,186,390**	**198,786**	**3,583,773**
Translation differences	**–**	**471**	**–**	**–**	**471**
Additions	**85,634**	**–**	**68,450**	**131,181**	**285,265**
Disposals	**(26,151)**	**–**	**–**	**(51,395)**	**(77,546)**
At 31 December 2011	**1,389,496**	**869,055**	**1,254,840**	**278,572**	**3,791,963**
Accumulated Depreciation					
At 1 January 2010	1,259,285	554,969	1,089,032	125,162	3,028,448
Translation differences	–	(5,475)	–	–	(5,475)
Depreciation for the year	45,080	103,833	23,805	14,098	186,816
Disposals	(32,897)	(2,299)	(7,065)	(8,081)	(50,342)
Acquisition of a subsidiary	39,274	–	12,715	60,099	112,088
At 31 December 2010	1,310,742	651,028	1,118,487	191,278	3,271,535
At 1 January 2011	**1,310,742**	**651,028**	**1,118,487**	**191,278**	**3,271,535**
Translation differences	**–**	**471**	**–**	**–**	**471**
Depreciation for the year	**81,433**	**99,083**	**36,115**	**32,421**	**249,052**
Disposals	**(25,570)**	**–**	**–**	**(49,218)**	**(74,788)**
At 31 December 2011	**1,366,605**	**750,582**	**1,154,602**	**174,481**	**3,446,270**
Carrying Amount					
At 1 January 2010	17,268	321,389	88,558	3,865	431,080
At 31 December 2010	19,271	217,556	67,903	7,508	312,238
At 1 January 2011	**19,271**	**217,556**	**67,903**	**7,508**	**312,238**
At 31 December 2011	**22,891**	**118,473**	**100,238**	**104,091**	**345,693**

Fixed assets included in the financial statements at a carrying value of approximately $116,000 (2010: $215,000) were acquired under finance lease agreements.

4 SUBSIDIARIES

Company	2011 $	2010 $
Unquoted ordinary shares at cost	**183,430,562**	183,430,562
Impairment loss	**(40,505,862)**	(36,988,212)
	142,924,700	146,442,350
Financial guarantees	**23,387,022**	23,387,022
	166,311,722	169,829,372
Amounts due from subsidiaries (mainly non-trade)	**125,082,009**	124,886,175
Impairment loss	**(8,960,400)**	(8,960,400)
	116,121,609	115,925,775
Amounts due to subsidiaries (mainly non-trade)	**(47,817,828)**	(47,444,811)
	68,303,781	68,480,964
	234,615,503	238,310,336

As at the balance sheet date, the Company carried out a review on the recoverable amount of its investments in subsidiaries. The review led to an impairment loss of approximately $3,518,000 that has been recognised in profit or loss of the Company. The recoverable amount was arrived at based on the net asset value of the investment at the balance sheet date as in the opinion of the Directors of the Company, the net asset value of the investment reasonably approximate the fair value.

As at 31 December 2010, the Company carried out a review on the recoverable amount of its investments in subsidiaries. The review led to a write-back of impairment loss of approximately of $975,000 that has been recognised in profit or loss of the Company. The recoverable amount was arrived at based on the observable market values of the investment at the balance sheet date.

The amounts due from/(to) subsidiaries are unsecured and interest free and settlement is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Company's net investment in the subsidiaries, they are stated at cost less impairment loss and presented together with the Company's equity investment in the subsidiaries.

Details of the subsidiaries are as follows:

Name of Subsidiary	Country of Incorporation	Effective Equity Held by the Group 2011 %	2010 %
Yat Yuen Hong Holdings Pte. Ltd.	Singapore	**100**	100
Yat Yuen Hong Company Limited and its subsidiary:	Singapore	**100**	100
Super Homes Pte. Ltd.	Singapore	**100**	100
Hong Fok Homes Pte Ltd	Singapore	**100**	100
Cecil Land Development Pte. Ltd.	Singapore	**100**	100
Hong Fok Land Ltd and its subsidiary:	Singapore	**100**	100
Jemmax Investments Pte Ltd	Singapore	**100**	100
Hong Fok Realty Pte. Ltd.	Singapore	**100**	100
Vista Parking Services Pte Ltd	Singapore	**100**	100
Hong Fok Nominees Pte. Ltd.	Singapore	**100**	100
Broadway Development Pte Ltd	Singapore	**100**	100
Turie Pte Ltd	Singapore	**100**	100
Defoe Pte Ltd and its subsidiary:	Singapore	**100**	100
Brisco Pte Ltd	Singapore	**100**	100

Name of Subsidiary	Country of Incorporation	Effective Equity Held by the Group 2011 %	2010 %
Rasco Pte Ltd	Singapore	**100**	100
Biogem International Pte Ltd	Singapore	**100**	100
HFC Ventures.com Co Pte Ltd	Singapore	**100**	100
Highfeature.com Co Pte Ltd	Singapore	**100**	100
Warranty Management Pte Ltd	Singapore	**100**	100
Maincon (Building) Pte. Ltd. and its subsidiary:	Singapore	**100**	100
Elegant Homes Pte. Ltd.	Singapore	**100**	100
Goldease Investments Limited and its subsidiaries:	British Virgin Islands	**100**	100
Arundel Trading Pte Ltd	Singapore	**100**	100
Firth Enterprises Pte Ltd	Singapore	**100**	100
Hong Fok Development (Newton) Pte Ltd	Singapore	**100**	100
Bishopgate Holdings Limited	British Virgin Islands	**100**	100
Gold Triumph Assets Limited	British Virgin Islands	**100**	100
Yorkwin Investments Limited	British Virgin Islands	**100**	100
@ Hong Fok Corporation (H.K.) Limited and its subsidiaries:	Hong Kong	**100**	100
Hong Fok Investment Holding Company Limited	Hong Kong	**100**	100
Hong Fok Land International Limited	Hong Kong	**100**	100
Hong Fok Nominees Limited	Hong Kong	**100**	100
Supreme Homes Company Limited	Hong Kong	**100**	100
Hong Fok Enterprises Limited and its subsidiary:	Hong Kong	**100**	100
Hong Fok Corporation Limited	Cayman Islands	**100**	100

Wholly-owned subsidiaries incorporated in Singapore are audited by KPMG LLP, Singapore.
@ The consolidated financial statements are audited by CCIF CPA Limited, Hong Kong.

5 ASSOCIATES

	Group 2011 $	Group 2010 $	Company 2011 $	Company 2010 $
Investments in associates	**149,573,831**	155,056,249	**2,000,000**	2,000,000
Impairment loss	**(2,000,000)**	(2,000,000)	**(2,000,000)**	(2,000,000)
	147,573,831	153,056,249	**–**	–
Amounts due from associates	**1,909,169**	1,890,863	**1,909,169**	1,890,863
Impairment loss	**(1,909,169)**	(1,890,863)	**(1,909,169)**	(1,890,863)
	–	–	**–**	–
	147,573,831	153,056,249	**–**	–

As at 31 December 2011, the Group's share of the contingent liabilities of the associates amounted to approximately $11,000 (2010: $1,307,000).

On 30 December 2011, the Group's associate, Hong Fok Land International Limited ("HFLIL"), issued and allotted a total of 137,360,956 ordinary shares of HK$0.05 each to the vendors in connection with the acquisition of certain properties in Singapore. Accordingly, the Group's effective interest in HFLIL decreased from 40.38% to 36.98%. The Group's loss on dilution of interest in HFLIL amounted to $6,328,418, which has been recognised in profit or loss of the Group.

The Group's effective interest in Winfoong International Limited ("WIL") has also decreased from 48.57% to 47.75% (38.92% direct interest in WIL and 8.83% interest in WIL through HFLIL) following the dilution of its interest in HFLIL.

Details of the significant associates are as follows:

	Name of Associate	Place of Incorporation and Business	Effective Equity Held by the Group 2011 %	2010 %
@	Hong Fok Land International Limited	Bermuda/Hong Kong	**37**	40
	Hong Fok Land Asia Limited	British Virgin Islands	**37**	40
	Hong Fok Land Investment Limited	Hong Kong	**37**	40
	Hugoton Limited	Hong Kong	**37**	40
	Bossiney Limited	Hong Kong	**37**	40
	Wellow Investment Limited	Republic of Liberia	**37**	40
	Giant Yield Limited	Hong Kong	**37**	40
	Hong Fok Land Holding Limited	Hong Kong	**37**	40
	Allied Crown Limited	Hong Kong	**37**	40
	First Strategy Investments Limited	British Virgin Islands	**37**	40
	Prestige Century Limited	British Virgin Islands	**37**	–
	Hong Fok Land Assets Pte. Ltd.	Singapore	**37**	–
	Jiangmen Tangquan Real Estate Company Limited	The People's Republic of China	**#34**	#37
^	Winfoong International Limited	Bermuda/Hong Kong	**48**	49
	Winfoong Assets Limited	British Virgin Islands	**48**	49
	Sui Chong International Resources Limited	Hong Kong	**48**	49
	Sui Chong International (H.K.) Limited	Hong Kong	**48**	49
	Donwin Property Limited	Hong Kong	**48**	49
	Sui Chong Finance Limited	Hong Kong	**48**	49
	Vision Capital Limited	Hong Kong	**48**	49
	Fort Property Management Limited	Hong Kong	**48**	49
	Cheung Kee Garden Limited	Hong Kong	**48**	49
	Super Homes Limited	Hong Kong	**48**	49
	Century Elegant Limited	Hong Kong	**48**	49

@ The consolidated financial statements are audited by CCIF CPA Limited, Hong Kong.
# Includes 92.0% held indirectly by Hong Fok Land International Limited.
^ Winfoong International Limited is listed on The Stock Exchange of Hong Kong Limited and its consolidated financial statements are audited by CCIF CPA Limited, Hong Kong.

Summarised financial information on the associates (without any adjustment for the percentage of ownership held by the Group) is as follows:

Associates	2011 $	2010 $
Assets and Liabilities		
Total assets	**605,419,126**	584,661,252
Total liabilities	**207,335,392**	200,966,511

Included in total assets is an amount of approximately $90,631,000 (2010: $89,814,000) which represents the associates' cross-holding investment cost in the Company.

Results		
Revenue	**13,648,724**	72,210,814
(Loss)/Profit for the year	**(1,768,571)**	39,409,616
Fair value of quoted associate	**12,330,110**	34,963,400

6 INVESTMENT PROPERTIES

Group	2011 $	2010 $
Investment properties under development	**7,935,184**	7,567,636
Completed investment properties	**1,249,725,000**	1,097,235,000
	1,257,660,184	1,104,802,636
Investment Properties Under Development		
At 1 January	**7,567,636**	7,398,524
Additions arising from subsequent expenditure recognised in carrying amount	**309,690**	201,640
Increase/(Decrease) in fair values	**57,858**	(32,528)
At 31 December	**7,935,184**	7,567,636
Investment properties under development have been revalued as follows:		
Leasehold properties under development – 31 December 2011 (2010: 31 December 2010)	**7,935,184**	7,567,636
Completed Investment Properties		
At 1 January	**1,097,235,000**	1,007,425,000
Additions arising from subsequent expenditure recognised in carrying amount	**1,476,983**	1,535,473
Increase in fair values	**151,013,017**	88,274,527
At 31 December	**1,249,725,000**	1,097,235,000
Completed investment properties have been revalued as follows:		
Leasehold properties – 31 December 2011 (2010: 31 December 2010)	**919,730,000**	768,340,000
Freehold properties – 31 December 2011 (2010: 31 December 2010)	**329,995,000**	328,895,000
	1,249,725,000	1,097,235,000

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

Leasehold Properties
For both 2011 and 2010, leasehold properties are revalued by Jones Lang LaSalle Property Consultants Pte Ltd, a firm of independent professional valuers that has appropriate recognised professional qualifications and recent experience in the locations and categories of the properties being valued, on an open market value basis. Completed leasehold properties are valued using the Sales Comparison Method and the Investment Method. Leasehold properties under development are valued using the Residual Method.

Under the Sales Comparison Method, the market value of the property is assessed having regard to transactions of comparable properties within the vicinity and elsewhere with due adjustments made to account for differences in terms of location, tenure, size, shape, design and layout, age and condition of buildings, dates of transactions, etc. and also taking into account the prevailing market conditions.

Under the Investment Method, the market value of the property is assessed having regard to the value of income-producing properties, which takes into account the existing committed rentals and the estimated current market rentals achievable by the property. Outgoings such as property tax and service charge are then deducted from the rental income to arrive at a net income which is then capitalised at an appropriate rate to arrive at the market value of the property.

Under the Residual Method, the value is determined by the estimation of the capital value of the proposed development assuming it is completed and from which the various estimated costs of development such as building costs, developer's profit, stamp duty and legal fees and other expenses are deducted to give a residual figure which would represent the amount a prudent developer would pay for the site.

Freehold Properties
For both 2011 and 2010, freehold properties are revalued by Knight Frank Pte Ltd, a firm of independent professional valuers that has appropriate recognised professional qualifications and recent experience in the locations and categories of the properties being valued, on an open market value basis. Completed freehold properties are valued using both the Comparable Sales Method and the Investment Method, each method being used as a check against the other, except for the Land Lot 1719L TS25 at Claymore Hill which is valued using the Residual Land Value Method.

Under the Comparable Sales Method, a comparison is made with sales of similar properties in the vicinity and other locations with adjustments made for differences in location, floor area, floor level, age/quality of development, tenure, date of sale, etc., before arriving at the value of the subject property.

Under the Investment Method, the net rent of the subject property is capitalised at a suitable rate of return to arrive at its value. The net rent is the balance sum after deducting service charge, property tax and a reasonable percentage of vacancy from the gross rent.

Under the Residual Land Value Method, the value is determined by the value of a property which has potential for development, redevelopment or refurbishment. The estimated total cost of work, including fees and other associated expenditure, plus an allowance for interest, developer's risk and profit, is deducted from the gross development value of the proposed project assuming satisfactory completion. After accounting for land holding costs such as property tax, stamp and legal fees and finance cost, the resultant figure then gives rise to the residual value of the property. The gross development value of the proposed project is derived by Comparable Sales Method.

Investment properties are commercial properties that are mainly leased to external customers. Each of the leases contains an initial non-cancellable period of usually two to three years. Subsequent renewals are negotiated with the lessee.

The carrying amount of investment properties of the Group under operating leases at 31 December 2011 is approximately $1,166,185,000 (2010: $1,014,795,000).

The investment properties are mortgaged for credit facilities extended to the Group (Note 14).

7 OTHER INVESTMENTS

Group	2011 $	2010 $
Non-current Investments		
Available-for-sale unquoted equity securities:		
Cost	**6,510,134**	6,499,134
Impairment loss	**(6,510,132)**	(6,499,132)
	2	2
Current Investments		
Quoted equity securities, held for trading	**161,559**	501,888
Unquoted equity securities, held for trading	**149,743**	173,333
	311,302	675,221

Certain investments with a carrying value of approximately $161,000 as at 31 December 2011 (2010: $501,000) have been pledged as collateral to secure a share margin trading facility granted to a subsidiary. As at 31 December 2011, the amount utilised under the facility granted was $Nil (2010: $Nil).

It is not practicable to estimate the fair value of certain of the Group's available-for-sale securities because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. These securities are thus stated at cost less impairment loss.

Fair Value Hierarchy

The following table analyses financial instruments carried at fair value, by valuation method as at 31 December 2011 and 31 December 2010. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset that are not based on observable market data (unobservable inputs)

Group	Total $	Level 1 $	Level 2 $	Level 3 $
2011				
Current Investments				
Quoted equity securities, held for trading	**161,559**	**161,559**	**–**	**–**
Unquoted equity securities, held for trading	**149,743**	**–**	**149,743**	**–**
	311,302	**161,559**	**149,743**	**–**
2010				
Current Investments				
Quoted equity securities, held for trading	501,888	501,888	–	–
Unquoted equity securities, held for trading	173,333	–	173,333	–
	675,221	501,888	173,333	–

There was no transfer between levels for 2011 and 2010.

8 OTHER ASSETS

Group	2011 $	2010 $
Club membership	**531,484**	531,078
Impairment loss	**(132,500)**	(134,500)
	398,984	396,578

During the year, a write-back of impairment loss amounting to approximately $2,000 (2010: $24,000) was made to adjust the carrying value of club membership to its recoverable amount, which was represented by the fair value of each club membership referenced from independent sources at the balance sheet date.

9 DEVELOPMENT PROPERTIES

Group	Note	2011 $	2010 $
Properties under development		**273,424,509**	272,033,325
Completed properties		**7,142,097**	11,640,000
		280,566,606	283,673,325
Properties Under Development			
Costs incurred		**371,833,024**	342,942,851
Attributable profits		**18,800,122**	–
Interest income on fixed deposits		**(339,186)**	(161,587)
		390,293,960	342,781,264
Progress instalments received and receivable		**(116,869,451)**	(70,747,939)
		273,424,509	272,033,325
Amount of interest capitalised during the year	20	**510,231**	556,298

The interest expense has been capitalised at rates ranging from approximately 1.2% to 1.5% (2010: 1.3% to 1.7%) per annum.

The Group adopts the percentage of completion method of revenue recognition for its residential project under the progressive payment scheme in Singapore. The stage of completion is measured in accordance with the accounting policy stated in Note 2.9. Significant assumptions are required in determining the stage of completion and the total estimated development costs. In making the assumptions, the Group evaluates them by relying on their past experience and the work of specialists.

In assessing for net realisable value of the properties, management takes into account the Group's recent experience in estimating net realisable values of completed units and properties under development by reference to comparable properties, timing of sales, location of property, expected selling costs and development expenditure. Market conditions may, however, change which may affect the future selling prices on the remaining unsold residential units of the development properties and accordingly, the carrying value of development properties for sale may be subject to adjustments in future periods.

Certain development properties are mortgaged for credit facilities extended to the Group (Note 14).

10 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Trade receivables	**1,660,745**	1,434,415	–	–
Impairment loss	**(256,593)**	(580,119)	–	–
	1,404,152	854,296	–	–
Other receivables	**60,980**	56,006	–	–
Deposits	**99,482**	69,379	–	–
Loans and receivables	**1,564,614**	979,681	–	–
Prepayments and others	**1,457,597**	1,389,536	**3,210**	3,210
	3,022,211	2,369,217	**3,210**	3,210

Concentration of credit risk relating to loans and receivables is limited due to the Group's many varied customers. These customers are individuals and corporations, both local and multinational with different business activities. The Group's historical experience in the collection of trade receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for impairment loss is inherent in the Group's trade receivables.

The maximum exposure to credit risk for financial assets included in loans and receivables at the balance sheet date by geographic region was:

	Carrying Amount	
	2011	2010
Group	$	$
Singapore	**1,564,614**	979,681

Impairment Loss

The ageing of loans and receivables as at 31 December is:

Group	Total $	Past Due but Not Impaired $	Individually Impaired $	Neither Past Due Nor Impaired $
2011				
Within 1 month	**1,030,080**	**159,336**	**–**	**870,744**
1 month to 3 months	**264,597**	**264,597**	**–**	**–**
3 months to 12 months	**328,555**	**220,637**	**107,918**	**–**
More than 12 months	**197,975**	**49,300**	**148,675**	**–**
	1,821,207	**693,870**	**256,593**	**870,744**

Group	Total $	Past Due but Not Impaired $	Individually Impaired $	Neither Past Due Nor Impaired $
2010				
Within 1 month	438,651	226,366	–	212,285
1 month to 3 months	373,420	373,420	–	–
3 months to 12 months	233,911	98,949	134,962	–
More than 12 months	513,818	68,661	445,157	–
	1,559,800	767,396	580,119	212,285

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

Group	2011 $	2010 $
At 1 January	**580,119**	525,825
Impairment loss recognised	**106,042**	150,503
Impairment loss written back	**(49,893)**	–
Impairment loss written off	**(379,675)**	(96,209)
At 31 December	**256,593**	580,119

Based on historical default rates, the Group believes that no impairment loss is necessary in respect of trade receivables past due up to 30 days. These receivables comprise customers that have a good credit history with the Group. For receivables aged greater than 1 month and are past due, amounts are deemed to be not impaired if fully covered by deposits held by the Group.

11 CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 $	2010 $	2011 $	2010 $
Cash at banks and in hand	**2,008,442**	2,213,071	**314,372**	314,112
Fixed deposits	**55,000,000**	42,000,000	**–**	–
Cash and cash equivalents in the consolidated cash flow statement	**57,008,442**	44,213,071	**314,372**	314,112

Included in the above is an amount held under the Housing Developers (Project Account) Rules of approximately $56,098,000 (2010: $42,497,000) the use of which is subject to restriction imposed by the said Rules.

The effective interest rate for the cash at banks and fixed deposits ranges from approximately 0% to 0.3% (2010: 0% to 0.3%) per annum at balance sheet date. Interest rate reprices within 6 months of the balance sheet date.

12 SHARE CAPITAL

	Group and Company	
	2011 No. of Shares	2010 No. of Shares
Issued and Fully Paid Ordinary Shares		
At 1 January and 31 December	**659,554,698**	659,554,698

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

13 RESERVES

	Group 2011 $	Group 2010 $	Company 2011 $	Company 2010 $
Capital reserves	**2,371,049**	2,371,049	**–**	–
Fair value reserve	**268,793**	95,564	**–**	–
Capital and other reserves	**2,639,842**	2,466,613	**–**	–
Translation reserves	**(50,656,852)**	(51,835,034)	**–**	–
Retained profit	**889,677,081**	750,021,761	**45,149,234**	44,739,882
	841,660,071	700,653,340	**45,149,234**	44,739,882

Capital and other reserves comprise the Group's share of fair value reserves of associates and other discretionary transfers from retained profit in prior years.

The translation reserves comprise exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company and the exchange differences on monetary items which form part of the Company's net investment in foreign subsidiaries.

The retained profit of the Group include retained profit of approximately $40,997,000 (2010: $47,766,000) attributable to associates.

14 FINANCIAL LIABILITIES

	Note	Group 2011 $	Group 2010 $	Company 2011 $	Company 2010 $
Non-current Liabilities					
Singapore dollar secured floating rate loans from financial institutions	b	**463,000,000**	463,000,000	**–**	–
Singapore dollar secured revolving loan from financial institutions	c	**6,000,000**	6,000,000	**–**	–
Singapore dollar secured revolving bank loan	d	**126,000,000**	135,000,000	**–**	–
Hong Kong dollar secured revolving bank loan	e	**5,072,150**	4,944,000	**–**	–
Unamortised transaction cost		**(1,818,959)**	(2,555,379)	**–**	–
Loans		**598,253,191**	606,388,621	**–**	–
Obligations under finance leases	f	**11,001**	55,806	**–**	–
Intra-group financial guarantees		**–**	–	**–**	2,348,755
		598,264,192	606,444,427	**–**	2,348,755
Current Liabilities					
Obligations under finance leases	f	**44,804**	44,804	**–**	–
Intra-group financial guarantees		**–**	–	**2,348,755**	4,130,532
		44,804	44,804	**2,348,755**	4,130,532

(a) All the loans of the Group are secured by:

(i) mortgages on and assignment of rental income from investment properties with carrying values of approximately $1,257,660,000 as at 31 December 2011 (2010: $1,104,803,000);

(ii) mortgages on development properties with carrying values of approximately $390,294,000 as at 31 December 2011 (2010: $350,531,000) and assignment of the rights, titles and interest in the tenancy agreements, sale and purchase agreements, building contract, performance bonds and insurances from the development properties; and

(iii) guarantees by the Company (Note 16).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

(b) **Singapore Dollar Secured Floating Rate Loans from Financial Institutions**
During the year, the floating rate loans' repayment due date was extended from July 2012 to July 2014.

(c) **Singapore Dollar Secured Revolving Loan from Financial Institutions**
During the year, the revolving loans' repayment due date was extended from July 2012 to July 2014.

(d) **Singapore Dollar Secured Revolving Bank Loan**
The revolving bank loan is repayable by September 2014.

(e) **Hong Kong Dollar Secured Revolving Bank Loan**
The revolving bank loan is repayable by September 2014.

(f) At 31 December, the Group has obligations under finance leases that are payable as follows:

	2011			2010		
	Principal	**Interest**	**Payments**	**Principal**	**Interest**	**Payments**
Group	**$**	**$**	**$**	**$**	**$**	**$**
Repayable:						
Within 1 year	**44,804**	**5,261**	**50,065**	44,804	5,261	50,065
After 1 year but within 5 years	**11,001**	**1,225**	**12,226**	55,806	6,485	62,291
	55,805	**6,486**	**62,291**	100,610	11,746	112,356

Interest on the above finance leases is charged at rates ranging from approximately 4.5% to 5.2% (2010: 4.5% to 5.2%) per annum at balance sheet date.

(g) **Interest Rates**
The effective interest rate for floating rate loans and revolving loans is approximately 1.5% to 2.1% (2010: 1.3% to 2.0%) per annum at balance sheet date. Floating interest rates reprice within six months of the balance sheet date.

15 DEFERRED TAX LIABILITY

Deferred tax liability is attributable to the following:

Group	**At 1/1/2010 $**	**Recognised in Profit or Loss (Note 23) $**	**At 31/12/2010 $**	**Recognised in Profit or Loss (Note 23) $**	**At 31/12/2011 $**
Fair value changes of investment properties	49,914,800	14,071,000	**63,985,800**	**25,502,500**	**89,488,300**
Profits recognised on percentage of completion	–	–	–	**1,661,700**	**1,661,700**
	49,914,800	14,071,000	**63,985,800**	**27,164,200**	**91,150,000**

16 INTRA-GROUP FINANCIAL GUARANTEES

Intra-group financial guarantees comprise guarantees granted by the Company to financial institutions in respect of credit facilities amount to $703,750,000 (2010: $709,350,000). The periods in which the financial guarantees expire are as follows:

Company	**2011 $**	**2010 $**
Within 1 year	**5,750,000**	11,350,000
After 1 year but within 5 years	**698,000,000**	698,000,000
	703,750,000	709,350,000

17 TRADE AND OTHER PAYABLES

	Group 2011 $	Group 2010 $	Company 2011 $	Company 2010 $
Non-current				
Trade payables	**1,643,549**	–	–	–
Current				
Trade payables	**3,814,673**	4,577,040	–	–
Accrued operating expenses	**5,354,418**	5,103,491	**270,514**	243,850
Accrued development expenditure	**4,147,526**	6,368,259	–	–
Tenancy and other deposits	**11,298,261**	12,271,230	–	–
Unclaimed dividends	**288,408**	288,804	**288,408**	288,804
Other payables	**312,404**	198,715	**187,790**	187,451
	25,215,690	28,807,539	**746,712**	720,105

At 31 December 2011, trade and other payables denominated in currencies other than the Group's functional currency comprise approximately $38,000 (2010: $26,000) denominated in Hong Kong dollars.

Trade payables include retention sum of approximately $2,651,000 (2010: $1,118,000) relating to properties under development.

18 REVENUE

Group	2011 $	2010 $
Gross dividend income from quoted investments	**8,478**	12,040
Gross rental income	**34,102,983**	38,276,326
Maintenance fee	**7,184,150**	6,999,733
Car park income	**1,456,152**	1,435,055
Property management income	**1,006,166**	1,005,283
Sale of completed development properties	**5,090,623**	2,347,527
Sale of development properties under development	**80,293,779**	–
Gain on disposal of other investments	**33,179**	12,921
Interest income on late payments	**60,629**	88,438
	129,236,139	50,177,323

19 OTHER INCOME

Group	2011 $	2010 $
(Loss)/Gain on disposal of fixed assets, net	**(48)**	109
Forfeiture/Compensation income	**60,225**	367,182
Interest income	**10,060**	5,662
Others	**282,051**	155,959
	352,288	528,912

20 NET FINANCE (EXPENSE)/INCOME

	Note	Group 2011 $	Group 2010 $	Company 2011 $	Company 2010 $
Financial guarantees amortised		–	–	4,130,532	3,926,791
Finance income		–	–	4,130,532	3,926,791
Interest expense:					
Loans		8,875,301	9,216,664	–	–
Obligations under finance leases		5,261	6,486	–	–
Amortisation of transaction cost previously capitalised		736,420	732,037	–	–
		9,616,982	9,955,187	–	–
Interest expense capitalised in development properties	9	(510,231)	(556,298)	–	–
Finance expense		9,106,751	9,398,889	–	–
Net finance (expense)/income recognised in profit or loss		(9,106,751)	(9,398,889)	4,130,532	3,926,791

21 PROFIT BEFORE INCOME TAX

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

	Note	Group 2011 $	Group 2010 $	Company 2011 $	Company 2010 $
Write-back of allowance for diminution in value of development properties		(48,503)	–	–	–
Impairment loss written back on other assets		(2,000)	(24,000)	–	–
Loss/(Gain) on remeasurement of other investments		139,919	(85,041)	–	–
Audit fees paid to:					
Auditors of the Company		205,500	284,400	82,500	173,400
Other auditors		20,917	15,741	–	–
Non-audit fees paid to:					
Auditors of the Company		40,900	25,100	4,100	1,400
Other auditors		4,183	4,547	–	–
Directors' fees		130,000	115,000	130,000	115,000
Staff costs	22	15,237,907	14,716,586	–	–
Rental income from investment properties		(33,889,880)	(37,887,557)	–	–
Operating lease expense		81,973	82,384	–	–
Impairment in trade and other receivables and bad debts written off, net		56,149	150,824	–	–
Bad debts recovered		(25)	(28,531)	–	–
Impairment made in receivables from subsidiaries		–	–	–	455,400
Direct operating expenses arising from investment properties:					
that generated rental income		11,327,579	10,568,698	–	–
that did not generate rental income		189,014	176,744	–	–

Short-term employee benefits, excluding Directors' fees, paid to key management personnel during the year amounted to $12,053,652 (2010: $11,745,468).

22 STAFF COSTS

Group	2011 $	2010 $
Salaries and wages	**15,856,719**	15,021,638
Contributions to defined contribution plans	**590,604**	468,145
Others	**533,906**	444,758
Government grants – Jobs Credit Scheme	**–**	(43,369)
	16,981,229	15,891,172
Staff costs capitalised in properties under development	**(1,743,322)**	(1,174,586)
	15,237,907	14,716,586

23 INCOME TAX EXPENSE

	Group		Company	
	2011 $	2010 $	2011 $	2010 $
Income Tax Expense				
Current year	**1,496,200**	2,306,700	**–**	–
Overprovision in prior years	**–**	(6,484)	**–**	–
	1,496,200	2,300,216	**–**	–
Deferred Tax Expense				
Movements in temporary differences	**27,164,200**	14,071,000	**–**	–
	28,660,400	16,371,216	**–**	–
Reconciliation of Effective Tax Rate				
Profit before income tax	**168,315,720**	115,614,358	**409,352**	12,060,213
Income tax using Singapore tax rate at 17%	**28,613,672**	19,654,441	**69,590**	2,050,236
Effect of different tax rates in other countries	**34,988**	27,922	**–**	–
Income not subject to tax	**(1,581,768)**	(1,397,767)	**(740,982)**	(2,626,243)
Expenses not deductible for tax purposes	**1,578,094**	679,669	**671,392**	576,007
Tax benefits not recognised	**46,787**	42,083	**–**	–
Utilisation of previously unrecognised tax losses	**(121,746)**	(57,931)	**–**	–
Effects of results of associates, net of tax	**88,525**	(2,571,335)	**–**	–
Overprovision in prior years	**–**	(6,484)	**–**	–
Others	**1,848**	618	**–**	–
	28,660,400	16,371,216	**–**	–

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

Group	2011 $	2010 $
Deductible temporary differences	**162,097**	23,788
Unutilised tax losses	**34,474,072**	34,796,730
	34,636,169	34,820,518

Deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the subsidiaries of the Group can utilise the benefits. However, the unutilised tax losses are available for offset against future taxable income subject to agreement with the relevant tax authorities.

24 EARNINGS PER SHARE

The basic and diluted earnings per share of the Group are calculated based on the consolidated profit for the year of $139,655,320 (2010: $99,243,142) and the weighted average number of ordinary shares outstanding of 659,554,698 (2010: 659,554,698).

25 ACQUISITION OF A SUBSIDIARY

On 25 January 2010, the Company acquired the entire issued share capital of an associate, Goldease Investments Limited ("Goldease") and to take an assignment of the loans owing from the subsidiaries of Goldease to subsidiaries of Winfoong International Limited (an associate of the Company), for a net cash consideration of $10,150,000.

The following summarises the consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

The net assets of Goldease and its subsidiaries as at the date of acquisition were as follows:

	Carrying Amounts 2010 $	Fair Value Adjustments 2010 $	Recognised Values 2010 $
Fixed assets	20,330	–	20,330
Development properties	12,499,972	1,140,028	13,640,000
Trade and other receivables	3,734	–	3,734
Cash and cash equivalents	657,955	–	657,955
Trade and other payables	(122,100)	–	(122,100)
Amounts due to associates	(39,301)	–	(39,301)
Tax payable	(78,000)	–	(78,000)
Loans	(3,700,000)	–	(3,700,000)
Inter-company loans	(20,697,165)	–	(20,697,165)
Net assets acquired	(11,454,575)	1,140,028	(10,314,547)
Negative goodwill			(232,618)
			(10,547,165)
Transfer of inter-company loans			20,697,165
Cash consideration paid			10,150,000
Cash acquired			(657,955)
Net cash outflow on acquisition			9,492,045

The remeasurement to fair value of the Group's 48.57% interest in the previously-held equity interest resulted in a gain of $1,377,927, which has been recognised in profit or loss of the Group.

There was no such transaction in 2011.

26 FINANCIAL RISK MANAGEMENT

Financial Risk Management Objectives and Policies

The Group and the Company are exposed to credit risk, liquidity risk and market risk (including interest rate, foreign currency and price risks) arising from its diversified portfolio business. Risk management is integral to the whole business of the Group. The Group's risk management approach seeks to minimise the potential material adverse effects from these exposures.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Exposure to currency, interest rate and credit risks arises in the normal course of the Group's business. This section provides details of the Group's exposure to financial risk and describes the methods used by management to control such risk.

Credit Risk

Credit risk is the potential risk of financial loss resulting from failure of a customer or counter party in meeting its financial and contractual obligations to the Group, as and when they fall due.

The Group's primary exposure to credit risk arises mainly from its other investments, trade and other receivables and cash and cash equivalents. The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The credit policy also requires a security deposit from customers to secure tenancy commitments.

Investments and transactions involving derivative financial instruments are allowed only with counter parties that are of high credit quality.

Cash is placed with regulated financial institutions.

Liquidity Risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following are the expected contractual maturities of financial liabilities, including interest payments which are computed using contractual rates or, if floating, based on rates at the balance sheet date and the earliest date the Group can be required to pay:

			Cash Outflows		
Group	**Carrying Amount $**	**Contractual Cash Outflows $**	**Within 1 Year $**	**After 1 Year But Within 5 Years $**	**After 5 Years $**
2011					
Non-derivative Financial Liabilities					
Loans*	**600,072,150**	**(624,979,382)**	**(9,646,153)**	**(615,333,229)**	**–**
Obligations under finance leases	**55,805**	**(62,291)**	**(50,065)**	**(12,226)**	**–**
Trade and other payables	**26,859,239**	**(26,859,239)**	**(17,082,455)**	**(9,776,784)**	**–**
	626,987,194	**(651,900,912)**	**(26,778,673)**	**(625,122,239)**	**–**
2010					
Non-derivative Financial Liabilities					
Loans*	608,944,000	(628,896,494)	(9,023,892)	(619,872,602)	–
Obligations under finance leases	100,610	(112,356)	(50,065)	(62,291)	–
Trade and other payables	28,807,539	(28,807,539)	(20,999,356)	(7,596,681)	(211,502)
	637,852,149	(657,816,389)	(30,073,313)	(627,531,574)	(211,502)

* Gross of unamortised transaction cost.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to loans. Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which interest income and expense could be impacted from an adverse movement in interest rates.

Sensitivity analysis – interest rate risk

An increase/decrease of 100 basis points in interest rates on loans, would decrease/increase the Group's profit before income tax for 2011 by $5,183,702 (2010: $5,284,783). The analysis assumes that all other variables, in particular foreign currency rates, remain constant and that there is no change during the year in the amount of loans as at balance sheet date. The analysis is performed on the same basis for 2010.

Foreign currency risk

The Group is not exposed to significant foreign currency risk on currencies other than the respective functional currencies of Group entities.

The Company is exposed to foreign currency risk on amounts due from subsidiaries (mainly non-trade) that are denominated in Hong Kong dollar. The exposure to foreign currency risk amounts to $23,398,637 (2010: $23,192,045) at the balance sheet date.

Exposure to currency risk is monitored on an ongoing basis and the Group and the Company endeavour to keep the net exposure at an acceptable level.

Sensitivity analysis – foreign currency risk

A 10% strengthening/weakening of the Singapore dollar against the Hong Kong dollar at the balance sheet date would decrease/increase the Company's profit before income tax for 2011 by $2,339,864 (2010: $2,319,205). This analysis assumes that all other variables, in particular interest rates, remain constant.

There is no direct impact on the Company's equity arising from the foreign currency change in Singapore dollar against the Hong Kong dollar.

Equity price risk

The Group has investments in quoted equity securities and is exposed to price risk. These securities are listed on the Singapore Exchange Securities Trading Limited. The Group is not exposed to commodity price risk.

Sensitivity analysis – equity price risk

A 10% increase/decrease in the underlying equity prices on the quoted equity securities would increase/decrease the Group's profit before income tax by $16,156 (2010: $50,189). There is no direct impact on the Group's equity.

Accounting Classification and Fair Values

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

Group	Note	Loans and Receivables $	Held for Trading $	Available-for-sale $	Other Financial Liabilities Within the Scope of FRS 39 $	Other Financial Liabilities Outside the Scope of FRS 39 $	Total Carrying Amount $	Fair Value $
2011								
Other investments	7	–	311,302	2	–	–	311,304	311,304
Other assets	8	398,984	–	–	–	–	398,984	398,984
Trade and other receivables	10	1,564,614	–	–	–	–	1,564,614	1,564,614
Cash and cash equivalents	11	57,008,442	–	–	–	–	57,008,442	57,008,442
		58,972,040	311,302	2	–	–	59,283,344	59,283,344
Loans	14	–	–	–	598,253,191	–	598,253,191	598,253,191
Obligations under finance leases	14	–	–	–	–	55,805	55,805	55,805
Trade and other payables	17	–	–	–	26,859,239	–	26,859,239	26,859,239
		–	–	–	625,112,430	55,805	625,168,235	625,168,235

Group	Note	Loans and Receivables $	Held for Trading $	Available-for-sale $	Other Financial Liabilities Within the Scope of FRS 39 $	Other Financial Liabilities Outside the Scope of FRS 39 $	Total Carrying Amount $	Fair Value $
2010								
Other investments	7	–	675,221	2	–	–	675,223	675,223
Other assets	8	396,578	–	–	–	–	396,578	396,578
Trade and other receivables	10	979,681	–	–	–	–	979,681	979,681
Cash and cash equivalents	11	44,213,071	–	–	–	–	44,213,071	44,213,071
		45,589,330	675,221	2	–	–	46,264,553	46,264,553
Loans	14	–	–	–	606,388,621	–	606,388,621	606,388,621
Obligations under finance leases	14	–	–	–	–	100,610	100,610	100,610
Trade and other payables	17	–	–	–	28,807,539	–	28,807,539	28,807,539
		–	–	–	635,196,160	100,610	635,296,770	635,296,770

Company	Note	Loans and Receivables $	Other Financial Liabilities $	Total Carrying Amount $	Fair Value $
2011					
Cash and cash equivalents	11	**314,372**	**–**	**314,372**	**314,372**
Financial guarantees	14	**–**	**2,348,755**	**2,348,755**	**2,348,755**
Trade and other payables	17	**–**	**746,712**	**746,712**	**746,712**
		–	**3,095,467**	**3,095,467**	**3,095,467**
2010					
Cash and cash equivalents	11	314,112	–	314,112	314,112
Financial guarantees	14	–	6,479,287	6,479,287	6,479,287
Trade and other payables	17	–	720,105	720,105	720,105
		–	7,199,392	7,199,392	7,199,392

Estimation of Fair Values

The carrying amounts of financial assets and liabilities with a maturity or repricing of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values as they are short-term in nature or reprice on a short-term basis.

The fair values of other instruments are determined in accordance with Note 2.6 and Note 7.

Intra-group Financial Guarantees

The value of financial guarantees provided by the Company to its subsidiaries is determined by reference to the difference in the interest rates, by comparing the actual rates charged by the financial institutions with these guarantees made available, with the estimated rates that the financial institutions would have charged had these guarantees not been available.

27 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Group's business. The Board defines capital as total equity, excluding non-controlling interest. The Board manages the capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Board may adjust the dividend payment to shareholders or issue new shares or other financial instruments.

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

	2011 $	2010 $
Gross borrowings	**600,127,955**	609,044,610
Cash and cash equivalents	**(57,008,442)**	(44,213,071)
Net debt	**543,119,513**	564,831,539
Total equity	**1,028,348,455**	887,341,724
Net debt to equity ratio	**0.53**	0.64

The Company seeks shareholders' approval annually to renew its share purchase mandate which authorises the Directors of the Company to make purchases of the Company's shares on the market subject to terms and conditions stated in the share purchase mandate. There were no changes in the Group's approach to capital management during the financial year. The Company and its subsidiaries are not subject to externally imposed capital requirement.

28 RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

Group	2011 $	2010 $
Contract services provided to key management personnel	**38,046**	52,176

During the financial year ended 31 December 2011, there was no transaction (2010: $6,442,740) relating to the sale of residential units in the development property known as "Concourse Skyline" at Beach Road by a wholly-owned subsidiary of the Company to related parties being the Directors and the chief executive officer and their relatives and controlling shareholders. During the year, progress instalments of $3,389,836 (2010: $1,288,548) were received for all units sold to related parties.

29 SEGMENT REPORTING

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

- Property investment – includes investments in investment properties
- Property development and construction – develops retail and residential units and sell residential units
- Property management – provides maintenance and management services

Other operations include investment holding and dormant companies. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2011 or 2010.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Company's Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information About Reportable Segments
Business Segments

Group	Property Investment $	Property Development and Construction $	Property Management $	Other Operations $	Total $
2011					
External revenue	**42,590,792**	**85,597,524**	**1,006,166**	**41,657**	**129,236,139**
Inter-segment revenue	**160,410**	**23,541,159**	**264,330**	**–**	**23,965,899**
Interest revenue	**60,610**	**19**	**–**	**–**	**60,629**
Finance expense	**(8,588,018)**	**(434,786)**	**–**	**(83,947)**	**(9,106,751)**
Reportable segment profit/ (loss) before income tax	**163,275,236**	**12,395,827**	**199,573**	**(689,980)**	**175,180,656**
Share of results of associates, net of tax					**(536,518)**
Other material non-cash items:					
Depreciation and amortisation	**(842,316)**	**(142,417)**	**(739)**	**–**	**(985,472)**
Gain on revaluation of investment properties	**151,070,875**	**–**	**–**	**–**	**151,070,875**
Allowances and impairment loss, net of reversals	**(54,149)**	**48,503**	**–**	**(139,919)**	**(145,565)**
Reportable segment assets	**1,259,621,130**	**338,833,069**	**156,225**	**703,000**	**1,599,313,424**
Associates					**147,573,831**
Capital expenditure	**1,927,115**	**144,823**	**–**	**–**	**2,071,938**
Reportable segment liabilities	**554,535,233**	**64,484,000**	**277,009**	**5,871,993**	**625,168,235**
2010					
External revenue	46,410,633	2,736,446	1,005,283	24,961	50,177,323
Inter-segment revenue	161,353	15,213,840	274,400	–	15,649,593
Interest revenue	88,288	150	–	–	88,438
Finance expense	(8,905,809)	(412,807)	–	(80,273)	(9,398,889)
Reportable segment profit/ (loss) before income tax	105,256,456	(6,412,804)	210,052	(633,738)	98,419,966

Group	Property Investment $	Property Development and Construction $	Property Management $	Other Operations $	Total $
2010					
Share of results of associates, net of tax					15,583,847
Other material non-cash items:					
Depreciation and amortisation	(833,578)	(77,247)	(8,028)	–	(918,853)
Gain on revaluation of investment properties	88,241,999	–	–	–	88,241,999
Allowances and impairment loss, net of reversals	(126,503)	–	–	85,041	(41,462)
Reportable segment assets	1,107,701,781	327,440,288	184,318	1,115,901	1,436,442,288
Associates					153,056,249
Capital expenditure	1,770,827	13,052	3,690	–	1,787,569
Reportable segment liabilities	563,397,188	65,941,847	247,918	5,709,817	635,296,770

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

Group	2011 $	2010 $
Revenue		
Total revenue for reportable segments	**153,160,381**	65,801,955
Revenue for other operations	**41,657**	24,961
Elimination of inter-segment revenue	**(23,965,899)**	(15,649,593)
	129,236,139	50,177,323
Profit or Loss		
Total profit for reportable segments	**175,870,636**	99,053,704
Loss for other operations	**(689,980)**	(633,738)
Elimination of inter-segment profit	**–**	–
	175,180,656	98,419,966
Other unallocated profit or loss items:		
Gain on fair value of previously-held equity interest in associates	**–**	1,377,927
Negative goodwill	**–**	232,618
Loss on dilution of interest in an associate	**(6,328,418)**	–
Share of results of associates, net of tax	**(536,518)**	15,583,847
	168,315,720	115,614,358
Assets		
Total assets for reportable segments	**1,598,610,424**	1,435,326,387
Assets for other operations	**703,000**	1,115,901
Associates	**147,573,831**	153,056,249
	1,746,887,255	1,589,498,537
Liabilities		
Total liabilities for reportable segments	**619,296,242**	629,586,953
Liabilities for other operations	**5,871,993**	5,709,817
Deferred tax liability	**91,150,000**	63,985,800
Tax payable	**2,220,565**	2,874,243
	718,538,800	702,156,813

Other Material Items

Group	Reportable Segment $	Other Operations $	Total $
2011			
Interest revenue	**60,629**	**–**	**60,629**
Finance expense	**(9,022,804)**	**(83,947)**	**(9,106,751)**
Depreciation and amortisation	**(985,472)**	**–**	**(985,472)**
Gain on revaluation of investment properties	**151,070,875**	**–**	**151,070,875**
Allowances and impairment loss, net of reversals	**(5,646)**	**(139,919)**	**(145,565)**
Capital expenditure	**2,071,938**	**–**	**2,071,938**
2010			
Interest revenue	88,438	–	88,438
Finance expense	(9,318,616)	(80,273)	(9,398,889)
Depreciation and amortisation	(918,853)	–	(918,853)
Gain on revaluation of investment properties	88,241,999	–	88,241,999
Allowances and impairment loss, net of reversals	(126,503)	85,041	(41,462)
Capital expenditure	1,787,569	–	1,787,569

Geographical Segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on geographical location of the assets.

Group	Singapore $	Hong Kong $	Total $
2011			
External revenue	**129,236,139**	**–**	**129,236,139**
Non-current assets	**1,258,359,879**	**44,984**	**1,258,404,863**
2010			
External revenue	50,177,323	–	50,177,323
Non-current assets	1,105,466,876	44,578	1,105,511,454

30 COMMITMENTS

As at 31 December 2011, the Group's commitments in respect of development and construction and capital expenditure contracted but not provided for in the financial statements amounted to approximately $142,950,000 (2010: $118,433,000).

The Group leases out its investment and development properties. Non-cancellable operating lease rentals receivable as at 31 December are as follows:

Group	2011 $	2010 $
Within 1 year	**35,299,561**	36,912,531
After 1 year but within 5 years	**46,393,705**	50,570,960
After 5 years	**–**	384,350
	81,693,266	87,867,841

As at 31 December 2011, the Group has entered into commitments to sell certain of its completed development properties at a value of approximately $Nil (2010: $1,343,000).

31 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

New standards, amendments to standards and interpretations that are not yet effective for the year ended 31 December 2011 have not been applied in preparing these financial statements. The Group is assessing the impact of the adoption of these new standards (including their consequential amendments). The Group has not considered the impact of accounting standards issued after the balance sheet date.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF HONG FOK CORPORATION LIMITED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

The information in this Appendix III has been reproduced from the annual report of Hong Fok Corporation Limited for the financial year ended 31 December 2012 and has not been specifically prepared for inclusion in this Information Memorandum.

INDEPENDENT AUDITORS' REPORT

Year Ended 31 December 2012

MEMBERS OF THE COMPANY
HONG FOK CORPORATION LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Hong Fok Corporation Limited (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2012, the statements of comprehensive income and the statements of changes in equity of the Group and the Company and the cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 21 to 59.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and the results and changes in equity of the Group and of the Company and the cash flows of the Group for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
26 March 2013

BALANCE SHEETS

As At 31 December 2012

	Note	Group 31/12/2012	Group 31/12/2011 Restated*	Group 1/1/2011 Restated*	Company 31/12/2012	Company 31/12/2011
		$	$	$	$	$
Non-Current Assets						
Fixed assets	3	**253,104**	345,693	312,238	**–**	–
Subsidiaries	4	**–**	–	–	**232,110,971**	234,615,503
Associates	5	**165,164,618**	165,753,178	172,521,690	**–**	–
Investment properties	6	**1,305,498,934**	1,257,660,184	1,104,802,636	**–**	–
Other investments	7	**2**	2	2	**–**	–
Other assets	8	**376,604**	398,984	396,578	**–**	–
		1,471,293,262	1,424,158,041	1,278,033,144	**232,110,971**	234,615,503
Current Assets						
Other investments	7	**447,857**	311,302	675,221	**–**	–
Development properties	9	**291,058,131**	280,566,606	283,673,325	**–**	–
Trade and other receivables	10	**8,353,823**	3,022,211	2,369,217	**3,210**	3,210
Cash and cash equivalents	11	**72,805,493**	57,008,442	44,213,071	**309,874**	314,372
		372,665,304	340,908,561	330,930,834	**313,084**	317,582
Total Assets		**1,843,958,566**	1,765,066,602	1,608,963,978	**232,424,055**	234,933,085
Equity Attributable to Owners of the Company						
Share capital	12	**186,688,384**	186,688,384	186,688,384	**186,688,384**	186,688,384
Reserves	13	**1,018,075,080**	949,327,718	784,104,581	**43,101,061**	45,149,234
Total Equity		**1,204,763,464**	1,136,016,102	970,792,965	**229,789,445**	231,837,618
Non-current Liabilities						
Trade and other payables	17	**1,453,452**	1,643,549	–	**–**	–
Obligations under finance leases	14	**–**	11,001	55,806	**–**	–
Loans	14	**592,231,582**	598,253,191	606,388,621	**–**	–
Financial guarantees	14	**–**	–	–	**542,013**	–
Deferred tax liability	15	**3,895,100**	1,661,700	–	**–**	–
		597,580,134	601,569,441	606,444,427	**542,013**	–
Current Liabilities						
Bank overdraft	11	**694,684**	–	–	**–**	–
Trade and other payables	17	**38,688,570**	25,215,690	28,807,539	**1,067,024**	746,712
Obligations under finance leases	14	**11,001**	44,804	44,804	**–**	–
Financial guarantees	14	**–**	–	–	**1,025,573**	2,348,755
Tax payable		**2,220,713**	2,220,565	2,874,243	**–**	–
		41,614,968	27,481,059	31,726,586	**2,092,597**	3,095,467
Total Liabilities		**639,195,102**	629,050,500	638,171,013	**2,634,610**	3,095,467
Total Equity and Liabilities		**1,843,958,566**	1,765,066,602	1,608,963,978	**232,424,055**	234,933,085

* See Note 2.1

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

STATEMENTS OF COMPREHENSIVE INCOME

Year Ended 31 December 2012

	Note	Group 2012 $	Group 2011 Restated* $	Company 2012 $	Company 2011 $
Revenue	18	**156,032,258**	129,236,139	**–**	–
Other income	19	**384,096**	352,288	**5,708**	–
		156,416,354	129,588,427	**5,708**	–
Cost of sales of development properties		**(86,401,802)**	(66,365,172)	**–**	–
Depreciation of fixed assets	3	**(229,101)**	(249,052)	**–**	–
Exchange (loss)/gain, net		**(1,979)**	(489)	**(1,339,237)**	228,186
Gain on revaluation of investment properties		**45,227,821**	151,070,875	**–**	–
Impairment loss made on investment in a subsidiary		**–**	–	**(2,817,720)**	(3,517,650)
Loss on dilution of interest in an associate	5	**–**	(7,928,623)	**–**	–
Other expenses		**(31,134,711)**	(29,757,182)	**(730,093)**	(431,716)
		83,876,582	176,358,784	**(4,881,342)**	(3,721,180)
Finance income	20	**–**	–	**2,833,169**	4,130,532
Finance expense	20	**(10,677,543)**	(9,106,751)	**–**	–
Net finance (expense)/income		**(10,677,543)**	(9,106,751)	**2,833,169**	4,130,532
Share of results of associates, net of tax		**8,306,832**	(352,066)	**–**	–
Profit/(Loss) before income tax	21	**81,505,871**	166,899,967	**(2,048,173)**	409,352
Income tax expense	23	**(4,029,120)**	(3,157,900)	**–**	–
Profit/(Loss) for the year attributable to Owners of the Company		**77,476,751**	163,742,067	**(2,048,173)**	409,352
Other comprehensive income					
Exchange differences on translation of financial statements of foreign subsidiaries and associates		**(6,981,414)**	1,057,576	**–**	–
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		**(1,479,182)**	250,265	**–**	–
Change in fair value of available-for-sale investments		**(268,793)**	173,229	**–**	–
Other comprehensive income for the year, net of income tax		**(8,729,389)**	1,481,070	**–**	–
Total comprehensive income for the year attributable to Owners of the Company		**68,747,362**	165,223,137	**(2,048,173)**	409,352
Earnings per share (cents):					
Basic	24	**9.79**	20.69		
Diluted	24	**9.79**	20.69		

* See Note 2.1

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2012

Group	Note	Share Capital $	Capital and Other Reserves $	Translation Reserves $	Retained Profit $	Total Attributable to Owners of the Company $
At 1 January 2011, as previously reported		186,688,384	2,466,613	(51,835,034)	750,021,761	887,341,724
Effect of adopting Amendments to FRS 12	2.1	–	–	–	83,451,241	83,451,241
At 1 January 2011, as restated		186,688,384	2,466,613	(51,835,034)	833,473,002	970,792,965
Total comprehensive income for the year						
Profit for the year, restated		–	–	–	163,742,067	163,742,067
Other comprehensive income						
Exchange differences on translation of financial statements of foreign subsidiaries and associates, restated		–	–	1,057,576	–	1,057,576
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		–	–	250,265	–	250,265
Change in fair value of available-for-sale investments		–	173,229	–	–	173,229
Total other comprehensive income, restated		–	173,229	1,307,841	–	1,481,070
Total comprehensive income for the year, restated		–	173,229	1,307,841	163,742,067	165,223,137
At 31 December 2011, as restated		186,688,384	2,639,842	(50,527,193)	997,215,069	1,136,016,102
At 1 January 2012, as previously reported		**186,688,384**	**2,639,842**	**(50,656,852)**	**889,677,081**	**1,028,348,455**
Effect of adopting Amendments to FRS 12	2.1	**–**	**–**	**129,659**	**107,537,988**	**107,667,647**
At 1 January 2012, as restated		**186,688,384**	**2,639,842**	**(50,527,193)**	**997,215,069**	**1,136,016,102**
Total comprehensive income for the year						
Profit for the year		**–**	**–**	**–**	**77,476,751**	**77,476,751**
Other comprehensive income						
Exchange differences on translation of financial statements of foreign subsidiaries and associates		**–**	**–**	**(6,981,414)**	**–**	**(6,981,414)**
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		**–**	**–**	**(1,479,182)**	**–**	**(1,479,182)**
Change in fair value of available-for-sale investments		**–**	**(268,793)**	**–**	**–**	**(268,793)**
Total other comprehensive income		**–**	**(268,793)**	**(8,460,596)**	**–**	**(8,729,389)**
Total comprehensive income for the year		**–**	**(268,793)**	**(8,460,596)**	**77,476,751**	**68,747,362**
At 31 December 2012		**186,688,384**	**2,371,049**	**(58,987,789)**	**1,074,691,820**	**1,204,763,464**

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

STATEMENT OF CHANGES IN EQUITY
Year Ended 31 December 2012

Company	Share Capital $	Retained Profit $	Total $
At 1 January 2011	186,688,384	44,739,882	231,428,266
Profit for the year – Total comprehensive income for the year	–	409,352	409,352
At 31 December 2011	186,688,384	45,149,234	231,837,618
At 1 January 2012	**186,688,384**	**45,149,234**	**231,837,618**
Loss for the year – Total comprehensive income for the year	**–**	**(2,048,173)**	**(2,048,173)**
At 31 December 2012	**186,688,384**	**43,101,061**	**229,789,445**

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

CONSOLIDATED CASH FLOW STATEMENT
Year Ended 31 December 2012

	Note	2012 $	2011 Restated* $
Operating Activities			
Profit before income tax		**81,505,871**	166,899,967
Adjustments for:			
Share of results of associates, net of tax		**(8,306,832)**	352,066
Amortisation of transaction cost of loans		**2,150,541**	736,420
Depreciation of fixed assets		**229,101**	249,052
(Gain)/Loss on disposal of fixed assets, net		**(39,195)**	48
(Gain)/Loss on remeasurement of other investments		**(136,555)**	139,919
Gain on disposal of other investments		**–**	(33,179)
Gain on revaluation of investment properties		**(45,227,821)**	(151,070,875)
Impairment loss on trade and other receivables and bad debts written off, net		**56,411**	56,149
Impairment loss made/(written back) on other assets		**20,000**	(2,000)
Loss on dilution of interest in an associate		**–**	7,928,623
Write-back of allowance for diminution in value of development properties		**–**	(48,503)
Interest income		**(59,036)**	(70,689)
Interest expense		**8,527,002**	8,370,331
		38,719,487	33,507,329
Changes in working capital:			
Development properties		**(9,965,019)**	3,665,453
Trade and other receivables		**(5,507,030)**	(708,163)
Trade and other payables		**12,892,638**	(1,883,428)
Cash generated from operations		**36,140,076**	34,581,191
Income tax paid		**(1,795,572)**	(2,260,778)
Interest income received		**77,050**	82,829
Income tax refund		**–**	110,900
Cash Flows from Operating Activities		**34,421,554**	32,514,142
Investing Activities			
Capital expenditure on investment properties		**(2,610,929)**	(1,786,673)
Purchase of fixed assets		**(236,250)**	(285,265)
Proceeds from disposal of fixed assets		**138,933**	2,710
Proceeds from disposal of other investments		**–**	257,179
Cash Flows from Investing Activities		**(2,708,246)**	(1,812,049)
Financing Activities			
Interest expense paid		**(8,661,338)**	(8,945,675)
Payment of finance lease rentals		**(44,804)**	(44,805)
Payment of transaction costs on loans		**(2,640,000)**	–
Repayment of loans		**(5,500,000)**	(9,000,000)
Proceeds from loans		**236,250**	83,150
Cash Flows from Financing Activities		**(16,609,892)**	(17,907,330)
Net Increase in Cash and Cash Equivalents		**15,103,416**	12,794,763
Cash and cash equivalents at beginning of the year		**57,008,442**	44,213,071
Effect of exchange rate fluctuations		**(1,049)**	608
Cash and Cash Equivalents at End of the Year	11	**72,110,809**	57,008,442

***** See Note 2.1

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 26 March 2013.

1 DOMICILE AND ACTIVITIES

Hong Fok Corporation Limited is a company incorporated in the Republic of Singapore and has its registered office at 300 Beach Road #41-00, The Concourse, Singapore 199555.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries consist of property investment, property development and construction, property management, investment trading and investment holding and management.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the Group) and the Group's interests in associates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

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

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information is presented in Singapore dollars, unless otherwise stated.

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

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

In particular, information about significant areas of estimation uncertainty that have the most significant effect on the amount recognised in the financial statements is described in the following notes:

- Note 6 – fair value determination of investment properties
- Note 9 – estimation of allowance for foreseeable losses and percentage of completion for properties under development

Change in Accounting Policy

Deferred tax on investment properties measured at fair value

From 1 January 2012, the Group adopted the Amendments to FRS 12 *Income Tax – Deferred Tax: Recovery of Underlying Assets* and changed its accounting policy on measurement of deferred tax arising from investment properties that are measured using the fair value model in FRS 40 *Investment Property*.

As a result of the change, the Group now measures any deferred tax arising from investment properties measured at fair value using a rebuttable presumption that the carrying amount of the properties will be recovered entirely through sale. This presumption has not been rebutted because, based on a review of the Group's portfolio of investment properties, none of the investment properties are depreciable and held within a business model whose objective is to consume substantially all the economic benefits embodied in the properties through use.

The Group previously provided for deferred tax liabilities arising from its investment properties on the basis that the carrying amount of the investment properties will be recovered through use. Upon adoption of the Amendments to FRS 12, the carrying amount of the investment properties is presumed to be recovered entirely through sale. Accordingly, there are no deferred tax liabilities on the investment properties as there is no tax on capital gains in Singapore and Hong Kong.

The change in accounting policy has been applied retrospectively. The following table summarises the adjustments made to the statement of financial position on implementation of the new accounting policy.

Group	Associates $	Deferred Tax Liability $	Retained Profit $	Translation Reserves $
At 1 January 2011, as previously reported	153,056,249	63,985,800	750,021,761	(51,835,034)
Effect of adopting Amendments to FRS 12	19,465,441	(63,985,800)	83,451,241	–
At 1 January 2011, as restated	172,521,690	–	833,473,002	(51,835,034)
At 31 December 2011, as previously reported	147,573,831	91,150,000	889,677,081	(50,656,852)
Effect of adopting Amendments to FRS 12:				
On balance at 1 January 2011	19,465,441	(63,985,800)	83,451,241	–
On profit or loss	(1,415,753)	(25,502,500)	24,086,747	–
On other comprehensive income	129,659	–	–	129,659
At 31 December 2011, as restated	165,753,178	1,661,700	997,215,069	(50,527,193)

The effect on the Group's statement of comprehensive income and earnings per share for the year ended 31 December 2011 were as follows:

Group	2011 $ Increase/ (Decrease)
Increase in loss on dilution of interest in an associate	1,600,205
Increase in share of results of associates, net of tax	184,452
Decrease in income tax expense	(25,502,500)
Increase in profit for the year attributable to Owners of the Company	24,086,747
Increase in other comprehensive income	129,659
Increase in total comprehensive income for the year attributable to Owners of the Company	24,216,406
Earnings per share	
Increase in basic and diluted earnings per share # (cents)	3.04

For comparative purposes, the number of ordinary shares as at 31 December 2011 was adjusted to include the issue of one bonus share for every five existing ordinary shares held (Note 12) in the calculation of basic and diluted earnings per share.

Except for the above change, the accounting policies set out below have been applied consistently by the Group to all periods presented in these financial statements.

2.2 Consolidation

Business Combinations

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

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

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

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

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

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

Acquisitions from Entities under Common Control
Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

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

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

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

In the Group's financial statements, they are accounted for using the equity method of accounting. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Dilution of interest in associate (while maintaining the original significant influence) is determined between the carrying amount of the investment in the equity-accounted investee, immediately before and after the transaction that resulted in the dilution. Any surplus or deficit arising on the dilution of interest is recognised in profit or loss.

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

Accounting of Subsidiaries and Associates
Investment in subsidiaries and associates are stated in the Company's balance sheet at cost less impairment loss.

2.3 Foreign Currencies

Translation of Foreign Currencies

Foreign currency transactions are translated to the respective functional currencies of the Group entities at rates ruling on transaction dates. Monetary assets and liabilities denominated in foreign currencies are retranslated into functional currency at rates of exchange closely approximate to those ruling at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Translation differences are dealt with through profit or loss, except for differences arising from retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation.

Foreign Operations

The assets and liabilities of foreign operations are translated into Singapore dollars at rates of exchange closely approximate to those ruling at the balance sheet date. The results of foreign operations are translated to Singapore dollars at exchange rates prevailing at date of transactions. Exchange differences resulting from the translation are taken directly to translation reserves. On disposal of the foreign operation, the accumulated translation differences are recognised in profit or loss as part of the gain or loss on sale.

Net Investment in a Foreign Operation

Exchange differences arising from monetary items that in substance form part of the Company's net investment in a foreign operation are recognised in the Company's profit or loss. Such exchange differences are reclassified to equity in the consolidated financial statements. When the foreign operation is disposed of, the cumulative amount in equity is transferred to profit or loss as an adjustment to profit or loss arising on disposal.

2.4 Fixed Assets

Owned Assets

Fixed assets are stated in the financial statements at cost less accumulated depreciation and impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed assets.

Gain or loss on disposal of an item of fixed assets is determined by comparing the proceeds from disposal with the carrying amount of fixed assets, and is recognised net within other income in profit or loss.

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

Leased Assets

Where fixed assets are financed by finance leases that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at the values equivalent to the present value of the total rental payable during the periods of the finance lease and the corresponding lease obligations are included under liabilities. The excess of the lease payments over the recorded lease obligations is treated as finance charges which are allocated over each finance lease term to give a constant rate of interest on the outstanding balance at the end of each period. Leased assets are stated in the financial statements at cost less accumulated depreciation and impairment loss. Assets acquired under finance leases are depreciated in accordance with the policy set out in Note 2.15.

Depreciation

Fixed assets are depreciated on a straight-line basis to write off their costs over their estimated useful lives at the following annual rates:

Office equipment and furniture	– 20% to 100%
Motor vehicles	– 20%
Plant and equipment	– 20% to 30%
Furniture	– 20%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

2.5 Investment Properties

Investment properties are commercial properties which are not held with the intention of sale in the ordinary course of business and are held for their income or investment potential.

Investment properties under development are commercial properties that are under construction and are held for their rental income or investment potential.

Investment properties are measured at cost on initial recognition and subsequently at fair value with any change recognised in profit or loss. The fair value is determined annually by independent professional valuers. Rental income from investment properties is accounted for in the manner described in Note 2.9.

When the Group holds a property interest under an operating lease to earn rental income or capital appreciation, the interest is classified and accounted for as investment properties on a property-by-property basis. Any such property interest which has been classified as investment properties is accounted for as if it is held under finance lease (see Note 2.15), and is accounted for in the same way as other investment properties leased under finance leases. Lease payments are accounted for as described in Note 2.15.

2.6 Financial Instruments

Non-Derivative Financial Instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, bank overdraft, loans, financial guarantees, obligations under finance leases and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, that is, the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

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

Cash and cash equivalents comprise fixed deposits, cash at banks and in hand. For the purpose of the consolidated cash flow statement, cash and cash equivalents are presented net of bank overdraft which is repayable on demand and which form an integral part of the Group's cash management.

Available-for-sale financial assets

The Group's investments in certain equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment loss, and foreign exchange gain or loss on available-for-sale monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

When an equity instrument does not have a quoted market price in an active market and other methods of determining fair value do not result in a reliable estimate, the investment is measured at cost less impairment loss.

Investments at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated as fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

The fair value of financial assets classified as held for trading is determined as the quoted bid price at the balance sheet date or based on observable market data.

Others
Other non-derivative financial instruments which comprise of loans and receivables and other financial liabilities are measured at amortised cost using the effective interest method, less any impairment loss.

Intra-group Financial Guarantees
Financial guarantees are classified as financial liabilities.

Financial guarantees are recognised initially at fair value. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to profit or loss.

Share Capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a reduction from equity, net of any tax effects.

2.7 Development Properties
Development properties are properties which are held with the intention of sale in the ordinary course of business. They include completed properties and properties under development.

Completed properties are stated at the lower of cost and Directors' estimate of net realisable value. Cost includes cost of land, borrowing costs and other related expenditure. Capitalisation of interest cost and other related expenditure ceases when the temporary occupation permit for the development is issued by the authorities or when active development is suspended for extended periods. Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

Properties under development are stated at cost less any allowance for foreseeable losses considered necessary by the Directors, net of progress instalments received and receivable. Cost comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding properties under development are capitalised, on a specific identification basis, as part of the cost of the development properties until the completion of development.

Allowance for foreseeable losses is made in the period in which such loss is determined.

2.8 Impairment
Impairment of Financial Assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Financial assets are tested for impairment on an individual basis. Any impairment loss is recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

Impairment loss in respect of financial assets measured at amortised cost and available-for-sale debt securities is reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Impairment loss once recognised in profit or loss in respect of available-for-sale equity securities is not reversed through profit or loss. Any subsequent increase in fair value of such assets is recognised directly in equity.

Impairment of Non-Financial Assets
The carrying amounts of the Group's non-financial assets, other than development properties, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is charged to profit or loss unless it reverses a previous revaluation, credited in equity, in which case it is charged to equity.

Calculation of recoverable amount
The recoverable amount of an asset is the greater of its value in use and its fair value to use less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

2.9 Revenue Recognition
Revenue from sales of development properties is recognised using the percentage of completion method when the Group determines that (a) control and the significant risks and rewards of ownership of the work-in-progress transfer to the buyer in its current state as construction progresses, (b) sales price is fixed and collectible, (c) the percentage of completion can be measured reliably, (d) there is no significant uncertainty as to the ability of the Group to complete the development, and (e) costs incurred or to be incurred can be measured reliably.

The percentage of completion is measured by reference to the surveys of work performed. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work.

Rental income and maintenance fees are recognised in profit or loss on a straight-line basis over the term of the leases.

Revenue upon disposal of investments is recognised in profit or loss at the contractual date.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Car park and interest income from late payment by tenants are recognised in profit or loss on an accrual basis. Interest income from deposits is accrued on an effective interest basis.

Property management income is recognised in profit or loss upon rendering of the services.

2.10 Key Management Personnel
Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the entities. The Directors of the Group and its subsidiaries, Vice Presidents of the respective departments and Personal Assistant to Directors are considered as key management personnel of the Group.

2.11 Employee Benefits
Defined Contribution Plans
Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss as incurred.

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

2.12 Borrowing Costs

Borrowing costs comprise interest and other costs incurred in connection with the borrowing of funds.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset less any income on the temporary investment of these borrowings. The capitalisation rate is based on the attributable cost of the specific borrowings. All other borrowing costs are written off to profit or loss in the year in which they are incurred except for fees for the arrangement of financing facilities which are recognised over the period of the facilities on an effective interest basis.

2.13 Related Parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

2.14 Finance Income and Expense

Finance income relates to amortisation of financial guarantees that are recognised in profit or loss.

Finance expense comprises interest expense on bank overdraft and loans, and amortisation of transaction costs capitalised. All borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

2.15 Leases

When Entities within the Group are Lessees of a Finance Lease

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, fixed assets acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance expense and reduction of the lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

At inception, an arrangement that contains a lease is accounted for as such based on the terms and conditions even though the arrangement is not in the legal form of a lease.

When Entities within the Group are Lessors of an Operating Lease

Assets subject to operating leases are included in investment properties and are stated at fair value and not depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.16 Income Tax Expense

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

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

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

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

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

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

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

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

2.17 Segment Reporting

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

3 FIXED ASSETS

Group	Office Equipment and Furniture $	Motor Vehicles $	Plant and Equipment $	Furniture $	Total $
Cost					
At 1 January 2011	1,330,013	868,584	1,186,390	198,786	3,583,773
Translation differences	–	471	–	–	471
Additions	85,634	–	68,450	131,181	285,265
Disposals	(26,151)	–	–	(51,395)	(77,546)
At 31 December 2011	1,389,496	869,055	1,254,840	278,572	3,791,963
At 1 January 2012	**1,389,496**	**869,055**	**1,254,840**	**278,572**	**3,791,963**
Translation differences	**–**	**(2,762)**	**–**	**–**	**(2,762)**
Additions	**74,159**	**–**	**102,927**	**59,164**	**236,250**
Disposals	**(31,665)**	**(138,940)**	**(55,744)**	**(62,500)**	**(288,849)**
At 31 December 2012	**1,431,990**	**727,353**	**1,302,023**	**275,236**	**3,736,602**
Accumulated Depreciation					
At 1 January 2011	1,310,742	651,028	1,118,487	191,278	3,271,535
Translation differences	–	471	–	–	471
Depreciation for the year	81,433	99,083	36,115	32,421	249,052
Disposals	(25,570)	–	–	(49,218)	(74,788)
At 31 December 2011	1,366,605	750,582	1,154,602	174,481	3,446,270
At 1 January 2012	**1,366,605**	**750,582**	**1,154,602**	**174,481**	**3,446,270**
Translation differences	**–**	**(2,762)**	**–**	**–**	**(2,762)**
Depreciation for the year	**56,964**	**99,084**	**45,552**	**27,501**	**229,101**
Disposals	**(30,886)**	**(138,940)**	**(12,167)**	**(7,118)**	**(189,111)**
At 31 December 2012	**1,392,683**	**707,964**	**1,187,987**	**194,864**	**3,483,498**
Carrying Amount					
At 1 January 2011	19,271	217,556	67,903	7,508	312,238
At 31 December 2011	22,891	118,473	100,238	104,091	345,693
At 1 January 2012	**22,891**	**118,473**	**100,238**	**104,091**	**345,693**
At 31 December 2012	**39,307**	**19,389**	**114,036**	**80,372**	**253,104**

Fixed assets included in the financial statements at a carrying value of approximately $18,000 (2011: $116,000) were acquired under finance lease agreements.

4 SUBSIDIARIES

Company	2012 $	2011 $
Unquoted ordinary shares at cost	**183,430,563**	183,430,562
Impairment loss	**(43,323,582)**	(40,505,862)
	140,106,981	142,924,700
Financial guarantees	**25,439,022**	23,387,022
	165,546,003	166,311,722
Amounts due from subsidiaries (mainly non-trade)	**123,856,284**	125,082,009
Impairment loss	**(8,960,400)**	(8,960,400)
	114,895,884	116,121,609
Amounts due to subsidiaries (mainly non-trade)	**(48,330,916)**	(47,817,828)
	66,564,968	68,303,781
	232,110,971	234,615,503

As at the balance sheet date, the Company carried out a review on the recoverable amount of its investments in subsidiaries. The review led to an impairment loss of approximately $2,818,000 (2011: $3,518,000) that has been recognised in profit or loss of the Company. The recoverable amount of the investment was determined using the fair value less costs to sell approach. Fair value less cost to sell at the balance sheet date has been determined based on the net realisable asset value of the subsidiary at the balance sheet date as in the opinion of the Directors of the Company, the net realisable asset value of the subsidiary approximates its fair value.

The amounts due from/(to) subsidiaries are unsecured and interest free and settlement is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Company's net investment in the subsidiaries, they are stated at cost less impairment loss and presented together with the Company's equity investment in the subsidiaries.

Details of the subsidiaries are as follows:

Name of Subsidiary	Country of Incorporation	Effective Equity Held by the Group 2012 %	2011 %
Yat Yuen Hong Holdings Pte. Ltd.	Singapore	**100**	100
Yat Yuen Hong Company Limited and its subsidiary:	Singapore	**100**	100
Super Homes Pte. Ltd.	Singapore	**100**	100
Hong Fok Homes Pte Ltd	Singapore	**100**	100
Cecil Land Development Pte. Ltd.	Singapore	**100**	100
Hong Fok Land Ltd and its subsidiary:	Singapore	**100**	100
Jemmax Investments Pte Ltd	Singapore	**100**	100
Hong Fok Realty Pte. Ltd.	Singapore	**100**	100
Vista Parking Services Pte Ltd	Singapore	**100**	100
Hong Fok Nominees Pte. Ltd.	Singapore	**100**	100
Broadway Development Pte Ltd	Singapore	**100**	100
Turie Pte Ltd	Singapore	**100**	100
Defoe Pte Ltd and its subsidiary:	Singapore	**100**	100
Brisco Pte Ltd	Singapore	**100**	100
Rasco Pte Ltd	Singapore	**100**	100
Biogem International Pte Ltd	Singapore	**100**	100
HFC Ventures.com Co Pte Ltd	Singapore	**100**	100
Highfeature.com Co Pte Ltd	Singapore	**100**	100
Warranty Management Pte Ltd	Singapore	**100**	100

Name of Subsidiary	Country of Incorporation	Effective Equity Held by the Group 2012 %	2011 %
Maincon (Building) Pte. Ltd. and its subsidiary:	Singapore	**100**	100
Elegant Homes Pte. Ltd.	Singapore	**100**	100
Goldease Investments Limited and its subsidiaries:	British Virgin Islands	**100**	100
Arundel Trading Pte Ltd	Singapore	**100**	100
Firth Enterprises Pte Ltd	Singapore	**100**	100
Hong Fok Development (Newton) Pte Ltd	Singapore	**100**	100
Bishopgate Holdings Limited	British Virgin Islands	**100**	100
Gold Triumph Assets Limited	British Virgin Islands	**100**	100
Yorkwin Investments Limited	British Virgin Islands	**100**	100
# Hong Fok Corporation Limited	Cayman Islands	**100**	–
@ Hong Fok Corporation (H.K.) Limited and its subsidiaries:	Hong Kong	**100**	100
Hong Fok Investment Holding Company Limited	Hong Kong	**100**	100
Hong Fok Land International Limited	Hong Kong	**100**	100
Hong Fok Nominees Limited	Hong Kong	**100**	100
Supreme Homes Company Limited	Hong Kong	**100**	100
Hong Fok Enterprises Limited and its subsidiary:	Hong Kong	**100**	100
# Hong Fok Corporation Limited	Cayman Islands	**–**	100

Wholly owned subsidiaries incorporated in Singapore are audited by KPMG LLP, Singapore.

@ The consolidated financial statements are audited by Crowe Horwath (HK) CPA Limited.

On 14 December 2012, the Company acquired 100% of the equity interest in Hong Fok Corporation Limited (Cayman Islands) from Hong Fok Enterprises Limited and as a result Hong Fok Corporation Limited (Cayman Islands) became a directly-held wholly owned subsidiary of the Company.

There is no impact arising from the above acquisition as the transfer was within the Group and has been accounted for as a common control transaction.

5 ASSOCIATES

	Group 31/12/2012 $	Group 31/12/2011 Restated* $	Group 1/1/2011 Restated* $	Company 2012 $	Company 2011 $
Investments in associates	**167,164,618**	167,753,178	174,521,690	**2,000,000**	2,000,000
Impairment loss	**(2,000,000)**	(2,000,000)	(2,000,000)	**(2,000,000)**	(2,000,000)
	165,164,618	165,753,178	172,521,690	**–**	–
Amounts due from associates	**1,808,729**	1,909,169	1,890,863	**1,808,729**	1,909,169
Impairment loss	**(1,808,729)**	(1,909,169)	(1,890,863)	**(1,808,729)**	(1,909,169)
	–	–	–	**–**	–
	165,164,618	165,753,178	172,521,690	**–**	–

* See Note 2.1

As at 31 December 2012, the Group's share of the contingent liabilities of the associates amounted to approximately $Nil (2011: $11,000).

In 2011, the Group's associate, Hong Fok Land International Limited ("HFLIL"), issued and allotted a total of 137,360,956 ordinary shares of HK$0.05 each to the vendors in connection with the acquisition of certain properties in Singapore. Accordingly, the Group's effective interest in HFLIL decreased from 40.38% to 36.98%. The Group's loss on dilution of interest in HFLIL amounted to $7,928,623, which has been recognised in profit or loss of the Group.

The Group's effective interest in Winfoong International Limited ("WIL") has also decreased from 48.57% to 47.75% (38.92% direct interest in WIL and 8.83% interest in WIL through HFLIL) following the dilution of its interests in HFLIL.

Details of the significant associates are as follows:

Name of Associate	Place of Incorporation and Business	Effective Equity Held by the Group 2012 %	2011 %
@ Hong Fok Land International Limited	Bermuda/Hong Kong	**37**	37
Hong Fok Land Asia Limited	British Virgin Islands	**37**	37
Hong Fok Land Investment Limited	Hong Kong	**37**	37
Hugoton Limited	Hong Kong	**37**	37
Bossiney Limited	Hong Kong	**37**	37
Magazine Gap Property Management Limited	Hong Kong	**37**	37
Wellow Investment Limited	Republic of Liberia	**37**	37
Giant Yield Limited	Hong Kong	**37**	37
Hong Fok Land Holding Limited	Hong Kong	**37**	37
Allied Crown Limited	Hong Kong	**37**	37
First Strategy Investments Limited	British Virgin Islands	**37**	37
Prestige Century Limited	British Virgin Islands	**37**	37
Hong Fok Land Assets Pte. Ltd.	Singapore	**37**	37
Jiangmen Tangquan Real Estate Company Limited	The People's Republic of China	**#34**	#34
^ Winfoong International Limited	Bermuda/Hong Kong	**48**	48
Winfoong Assets Limited	British Virgin Islands	**48**	48
Sui Chong International Resources Limited	Hong Kong	**48**	48
Sui Chong International (H.K.) Limited	Hong Kong	**48**	48
Donwin Property Limited	Hong Kong	**48**	48
Sui Chong Finance Limited	Hong Kong	**48**	48
Vision Capital Limited	Hong Kong	**48**	48
Fort Property Management Limited	Hong Kong	**48**	48
Cheung Kee Garden Limited	Hong Kong	**48**	48
Super Homes Limited	Hong Kong	**48**	48
Century Elegant Limited	Hong Kong	**48**	48

@ The consolidated financial statements are audited by Crowe Horwath (HK) CPA Limited.
# Includes 92.0% held indirectly by Hong Fok Land International Limited.
^ Winfoong International Limited is listed on The Stock Exchange of Hong Kong Limited and its consolidated financial statements are audited by Crowe Horwath (HK) CPA Limited.

Summarised financial information on the associates (without any adjustment for the percentage of ownership held by the Group) is as follows:

Associates	31/12/2012 $	31/12/2011 Restated* $	1/1/2011 Restated* $
Assets and Liabilities			
Total assets	**539,020,337**	605,022,406	584,661,252
Total liabilities	**93,045,636**	157,778,730	152,760,863

Included in total assets is an amount of approximately $85,836,000 (2011: $90,631,000) which represents the associates' cross-holding investment cost in the Company.

Associates	2012 $	2011 Restated* $
Results		
Revenue	**7,535,778**	13,636,656
Profit/(Loss) for the year	**22,741,110**	(1,269,781)
Fair value of quoted associate as at 31 December	**14,052,758**	12,330,110

* See Note 2.1

6 INVESTMENT PROPERTIES

Group	2012 $	2011 $
Investment properties under development	**11,168,934**	7,935,184
Completed investment properties	**1,294,330,000**	1,249,725,000
	1,305,498,934	1,257,660,184
Investment Properties Under Development		
At 1 January	**7,935,184**	7,567,636
Additions arising from subsequent expenditure recognised in carrying amount	**671,107**	309,690
Increase in fair values	**2,562,643**	57,858
At 31 December	**11,168,934**	7,935,184
Investment properties under development have been revalued as follows:		
Leasehold properties under development		
– 31 December 2012 (2011: 31 December 2011)	**11,168,934**	7,935,184
Completed Investment Properties		
At 1 January	**1,249,725,000**	1,097,235,000
Additions arising from subsequent expenditure recognised in carrying amount	**1,939,822**	1,476,983
Increase in fair values	**42,665,178**	151,013,017
At 31 December	**1,294,330,000**	1,249,725,000
Completed investment properties have been revalued as follows:		
Leasehold properties – 31 December 2012 (2011: 31 December 2011)	**945,280,000**	919,730,000
Freehold properties – 31 December 2012 (2011: 31 December 2011)	**349,050,000**	329,995,000
	1,294,330,000	1,249,725,000

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

Leasehold Properties
For both 2012 and 2011, leasehold properties are revalued by Jones Lang LaSalle Property Consultants Pte Ltd, a firm of independent professional valuers that has appropriate recognised professional qualifications and recent experience in the locations and categories of the properties being valued, on an open market value basis. Completed leasehold properties are valued using the Sales Comparison Method and the Investment Method. Leasehold properties under development are valued using the Residual Method.

Under the Sales Comparison Method, the market value of the property is assessed having regard to transactions of comparable properties within the vicinity and elsewhere with due adjustments made to account for differences in terms of location, tenure, size, shape, design and layout, age and condition of buildings, dates of transactions, etc. and also taking into account the prevailing market conditions.

Under the Investment Method, the market value of the property is assessed having regard to the value of income-producing properties, which takes into account the existing committed rentals and the estimated current market rentals achievable by the property. Outgoings such as property tax and service charge are then deducted from the rental income to arrive at a net income which is then capitalised at an appropriate rate to arrive at the market value of the property.

Under the Residual Method, the value is determined by the estimation of the capital value of the proposed development assuming it is completed and from which the various estimated costs of development such as building costs, developer's profit, stamp duty and legal fees and other expenses are deducted to give a residual figure which would represent the amount a prudent developer would pay for the site.

Freehold Properties
For both 2012 and 2011, freehold properties are revalued by Knight Frank Pte Ltd, a firm of independent professional valuers that has appropriate recognised professional qualifications and recent experience in the locations and categories of the properties being valued, on an open market value basis. Completed freehold properties are valued using both the Comparable Sales Method and the Investment Method, each method being used as a check against the other, except for the Land Lot 1719L TS25 at Claymore Hill which is valued using the Residual Land Value Method.

Under the Comparable Sales Method, a comparison is made with sales of similar properties in the vicinity and other locations with adjustments made for differences in location, floor area, floor level, age/quality of development, tenure, date of sale, etc., before arriving at the value of the subject property.

Under the Investment Method, the net rent of the subject property is capitalised at a suitable rate of return to arrive at its value. The net rent is the balance sum after deducting service charge, property tax and a reasonable percentage of vacancy from the gross rent.

Under the Residual Land Value Method, the value is determined by the value of a property which has potential for development, redevelopment or refurbishment. The estimated total cost of work, including fees and other associated expenditure, plus an allowance for interest, developer's risk and profit, is deducted from the gross development value of the proposed project assuming satisfactory completion. After accounting for land holding costs such as property tax, stamp and legal fees and finance cost, the resultant figure then gives rise to the residual value of the property. The gross development value of the proposed project is derived by Comparable Sales Method.

In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

Investment properties are commercial properties that are mainly leased to external customers. Each of the leases contains an initial non-cancellable period of usually two to three years. Subsequent renewals are negotiated with the lessee.

The carrying amount of investment properties of the Group under operating leases at 31 December 2012 is approximately $1,206,890,000 (2011: $1,166,185,000).

The investment properties are mortgaged for credit facilities extended to the Group (Note 14).

7 OTHER INVESTMENTS

Group	2012 $	2011 $
Non-current Investments		
Available-for-sale unquoted equity securities:		
Cost	**6,437,634**	6,510,134
Impairment loss	**(6,437,632)**	(6,510,132)
	2	2
Current Investments		
Quoted equity securities, held for trading	**294,012**	161,559
Unquoted equity securities, held for trading	**153,845**	149,743
	447,857	311,302

Certain investments with a carrying value of approximately $294,000 as at 31 December 2012 (2011: $161,000) have been pledged as collateral to secure a share margin trading facility granted to a subsidiary. As at 31 December 2012, the amount utilised under the facility granted was $Nil (2011: $Nil).

It is not practicable to estimate the fair value of certain of the Group's available-for-sale securities because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. These securities are thus stated at cost less impairment loss.

Fair Value Hierarchy

The following table analyses financial instruments carried at fair value, by valuation method as at 31 December 2012 and 31 December 2011. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset that are not based on observable market data (unobservable inputs)

Group	Total $	Level 1 $	Level 2 $	Level 3 $
2012				
Current Investments				
Quoted equity securities, held for trading	**294,012**	**293,945**	**67**	**–**
Unquoted equity securities, held for trading	**153,845**	**–**	**153,845**	**–**
	447,857	**293,945**	**153,912**	**–**
2011				
Current Investments				
Quoted equity securities, held for trading	161,559	161,559	–	–
Unquoted equity securities, held for trading	149,743	–	149,743	–
	311,302	161,559	149,743	–

During the year, quoted equity securities, held for trading, with a carrying amount of $67 (2011: $Nil) were transferred from Level 1 to Level 2 because quoted prices in the active market for these equity securities were no longer available. In order to determine the fair value of these investments, management relied on directly observable market inputs.

8 OTHER ASSETS

Group	2012 $	2011 $
Club membership	**529,104**	531,484
Impairment loss	**(152,500)**	(132,500)
	376,604	398,984

During the year, an impairment loss amounting to $20,000 (2011: write-back of impairment loss $2,000) was made to adjust the carrying value of club membership to its recoverable amount, which was represented by the fair value of each club membership referenced from independent sources at the balance sheet date.

9 DEVELOPMENT PROPERTIES

Group	Note	2012 $	2011 $
Properties under development		**285,166,034**	273,424,509
Completed properties		**5,892,097**	7,142,097
		291,058,131	280,566,606
Properties Under Development			
Costs incurred		**435,831,085**	371,833,024
Attributable profits		**44,300,022**	18,800,122
Interest income on fixed deposits		**(503,536)**	(339,186)
		479,627,571	390,293,960
Progress instalments received and receivable		**(194,461,537)**	(116,869,451)
		285,166,034	273,424,509
Amount of interest capitalised during the year	20	**526,506**	510,231

The interest expense has been capitalised at rates ranging from approximately 1.3% to 1.5% (2011: 1.2% to 1.5%) per annum.

The Group adopts the percentage of completion method of revenue recognition for its residential project under the progressive payment scheme in Singapore. The stage of completion is measured in accordance with the accounting policy stated in Note 2.9. Significant assumptions are required in determining the stage of completion and the total estimated development costs. In making the assumptions, the Group evaluates them by relying on their past experience and the work of specialists.

In assessing for net realisable value of the properties, management takes into account the Group's recent experience in estimating net realisable values of completed units and properties under development by reference to comparable properties, timing of sales, location of property, expected selling costs and development expenditure. Market conditions may, however, change, which may affect the future selling prices on the remaining unsold residential units of the development properties and accordingly, the carrying value of development properties for sale may be subject to adjustments in future periods.

Certain development properties are mortgaged for credit facilities extended to the Group (Note 14).

10 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012	2011	2012	2011
	$	$	$	$
Trade receivables	**4,974,498**	1,660,745	**–**	–
Impairment loss	**(313,004)**	(256,593)	**–**	–
	4,661,494	1,404,152	**–**	–
Other receivables	**38,272**	60,980	**–**	–
Deposits	**107,415**	99,482	**–**	–
Loans and receivables	**4,807,181**	1,564,614	**–**	–
Prepayments and others	**889,328**	1,457,597	**3,210**	3,210
Advances to contractors	**2,657,314**	–	**–**	–
	8,353,823	3,022,211	**3,210**	3,210

Concentration of credit risk relating to loans and receivables is limited due to the Group's many varied customers. These customers are individuals and corporations, both local and multinational with different business activities. The Group's historical experience in the collection of trade receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for impairment loss is inherent in the Group's trade receivables.

At the balance sheet date, the maximum exposure to credit risk for loans and receivables mainly arose from customers in Singapore.

Impairment Loss
The ageing of loans and receivables as at 31 December is:

Group	Total $	Past Due but Not Impaired $	Individually Impaired $	Neither Past Due Nor Impaired $
2012				
Within 1 month	**4,206,133**	**122,254**	**–**	**4,083,879**
1 month to 3 months	**222,784**	**222,784**	**–**	**–**
3 months to 12 months	**147,487**	**76,120**	**71,367**	**–**
More than 12 months	**543,781**	**302,144**	**241,637**	**–**
	5,120,185	**723,302**	**313,004**	**4,083,879**
2011				
Within 1 month	1,030,080	159,336	–	870,744
1 month to 3 months	264,597	264,597	–	–
3 months to 12 months	328,555	220,637	107,918	–
More than 12 months	197,975	49,300	148,675	–
	1,821,207	693,870	256,593	870,744

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

Group	2012 $	2011 $
At 1 January	**256,593**	580,119
Impairment loss recognised	**61,558**	106,042
Impairment loss written back	**(5,147)**	(49,893)
Impairment loss written off	**–**	(379,675)
At 31 December	**313,004**	256,593

Based on historical default rates, the Group believes that no impairment loss is necessary in respect of trade receivables past due up to 30 days. These receivables comprise customers that have a good credit history with the Group. For receivables aged greater than 1 month and are past due, amounts are deemed to be not impaired if fully covered by deposits held by the Group.

11 CASH AND CASH EQUIVALENTS

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Cash at banks and in hand	**3,305,493**	2,008,442	**309,874**	314,372
Fixed deposits	**69,500,000**	55,000,000	**–**	–
Cash and cash equivalents	**72,805,493**	57,008,442	**309,874**	314,372
Bank overdraft	**(694,684)**	–	**–**	–
Cash and cash equivalents in the consolidated cash flow statement	**72,110,809**	57,008,442	**309,874**	314,372

Included in the above is an amount held under the Housing Developers (Project Account) Rules of approximately $71,619,000 (2011: $56,098,000) and the use of which is subject to restriction imposed by the said Rules.

The effective interest rate for the cash at banks and fixed deposits ranges from approximately 0% to 0.3% (2011: 0% to 0.3%) per annum at balance sheet date. These interest rates reprice within six months of the balance sheet date. The effective interest rate for bank overdraft is approximately 5.8% (2011: N.A.) per annum at balance sheet date. Interest rate reprices on a daily basis.

12 SHARE CAPITAL

	Group and Company	
	2012	**2011**
	No. of Shares	**No. of Shares**
Issued and Fully Paid Ordinary Shares		
At 1 January	**659,554,698**	659,554,698
Issue of bonus shares	**131,910,923**	–
At 31 December	**791,465,621**	659,554,698

On 18 April 2012, 131,910,923 (2011: Nil) fully paid ordinary shares were issued to existing shareholders as bonus shares, in the ratio of one bonus share for every five existing ordinary shares held.

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

13 RESERVES

	Group			Company	
	31/12/2012	**31/12/2011 Restated***	**1/1/2011 Restated***	**2012**	**2011**
	$	**$**	**$**	**$**	**$**
Capital reserves	**2,371,049**	2,371,049	2,371,049	**–**	–
Fair value reserve	**–**	268,793	95,564	**–**	–
Capital and other reserves	**2,371,049**	2,639,842	2,466,613	**–**	–
Translation reserves	**(58,987,789)**	(50,527,193)	(51,835,034)	**–**	–
Retained profit	**1,074,691,820**	997,215,069	833,473,002	**43,101,061**	45,149,234
	1,018,075,080	949,327,718	784,104,581	**43,101,061**	45,149,234

* See Note 2.1

Capital and other reserves comprise the Group's share of fair value reserves of associates and other discretionary transfers from retained profit in prior years.

The translation reserves comprise exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company and the exchange differences on monetary items which form part of the Company's net investment in foreign subsidiaries.

The retained profit of the Group includes retained profit of approximately $64,057,000 (2011: $59,177,000) attributable to associates.

14 FINANCIAL LIABILITIES

	Note	Group		Company	
		2012	2011	2012	2011
		$	$	$	$
Non-current Liabilities					
Singapore dollar secured floating rate loans from financial institutions	b	**463,000,000**	463,000,000	**–**	–
Singapore dollar secured revolving loan from financial institutions	c	**6,000,000**	6,000,000	**–**	–
Singapore dollar secured revolving bank loan	d	**120,500,000**	126,000,000	**–**	–
Hong Kong dollar secured revolving bank loan	e	**5,040,000**	5,072,150	**–**	–
Unamortised transaction cost		**(2,308,418)**	(1,818,959)	**–**	–
Loans		**592,231,582**	598,253,191	**–**	–
Obligations under finance leases	f	**–**	11,001	**–**	–
Financial guarantees		**–**	–	**542,013**	–
		592,231,582	598,264,192	**542,013**	–
Current Liabilities					
Bank overdraft		**694,684**	–	**–**	–
Obligations under finance leases	f	**11,001**	44,804	**–**	–
Financial guarantees		**–**	–	**1,025,573**	2,348,755
		705,685	44,804	**1,025,573**	2,348,755

(a) All the loans of the Group are secured by:

(i) mortgages on and assignment of rental income from investment properties with carrying values of approximately $1,305,499,000 as at 31 December 2012 (2011: $1,257,660,000);

(ii) mortgages on development properties with carrying values of approximately $479,628,000 as at 31 December 2012 (2011: $390,294,000) and assignment of the rights, titles and interest in the tenancy agreements, sale and purchase agreements, building contract, performance bonds and insurances from the development properties; and

(iii) guarantees by the Company (Note 16).

(b) **Singapore Dollar Secured Floating Rate Loans from Financial Institutions**
The floating rate loans are repayable by July 2014.

(c) **Singapore Dollar Secured Revolving Loan from Financial Institutions**
The loan is repayable by July 2014.

(d) **Singapore Dollar Secured Revolving Bank Loan**
The bank loan is repayable by September 2014.

(e) **Hong Kong Dollar Secured Revolving Bank Loan**
The bank loan is repayable by September 2014.

(f) At 31 December, the Group has obligations under finance leases that are payable as follows:

Group	2012 Principal $	2012 Interest $	2012 Payments $	2011 Principal $	2011 Interest $	2011 Payments $
Repayable:						
Within 1 year	**11,001**	**1,225**	**12,226**	44,804	5,261	50,065
After 1 year but within 5 years	**–**	**–**	**–**	11,001	1,225	12,226
	11,001	**1,225**	**12,226**	55,805	6,486	62,291

Interest on the above finance leases is charged at rates ranging from approximately 4.5% to 5.2% (2011: 4.5% to 5.2%) per annum at balance sheet date.

(g) **Interest Rates**
The effective interest rate for floating rate loans and revolving loans is approximately 1.3% to 2.0% (2011: 1.5% to 2.1%) per annum at balance sheet date. Floating interest rates reprice within six months of the balance sheet date. The effective interest rate for bank overdraft is approximately 5.8% (2011: N.A.) per annum at balance sheet date. Interest rate reprices on a daily basis.

15 DEFERRED TAX LIABILITY

Deferred tax liability is attributable to the following:

Group	At 1/1/2011 Restated* $	Recognised in Profit or Loss (Note 23) $	At 31/12/2011 Restated* $	Recognised in Profit or Loss (Note 23) $	At 31/12/2012 $
Profits recognised on percentage of completion	–	1,661,700	**1,661,700**	**2,233,400**	**3,895,100**

* See Note 2.1

16 INTRA-GROUP FINANCIAL GUARANTEES

Intra-group financial guarantees comprise guarantees granted by the Company to financial institutions in respect of credit facilities amount to $703,750,000 (2011: $703,750,000). The periods in which the financial guarantees expire are as follows:

Company	2012 $	2011 $
Within 1 year	**5,750,000**	5,750,000
After 1 year but within 5 years	**698,000,000**	698,000,000
	703,750,000	703,750,000

17 TRADE AND OTHER PAYABLES

	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
Non-current				
Trade payables	**1,453,452**	1,643,549	**–**	–
Current				
Trade payables	**10,243,274**	3,814,673	**–**	–
Accrued operating expenses	**7,013,733**	5,354,418	**430,222**	270,514
Accrued development expenditure	**8,547,743**	4,147,526	**–**	–
Tenancy and other deposits	**12,004,090**	11,298,261	**–**	–
Unclaimed dividends	**288,408**	288,408	**288,408**	288,408
Other payables	**591,322**	312,404	**348,394**	187,790
	38,688,570	25,215,690	**1,067,024**	746,712

Trade payables include retention sum of approximately $6,013,000 (2011: $2,651,000) relating to properties under development.

18 REVENUE

Group	2012 $	2011 $
Gross dividend income from quoted investments	**10,607**	8,478
Gross rental income	**34,062,021**	34,102,983
Maintenance fee	**7,604,324**	7,184,150
Car park income	**1,511,552**	1,456,152
Property management income	**987,003**	1,006,166
Sale of completed development properties	**1,545,376**	5,090,623
Sale of development properties under development	**110,257,054**	80,293,779
Gain on disposal of other investments	**–**	33,179
Interest income on late payments	**54,321**	60,629
	156,032,258	129,236,139

19 OTHER INCOME

	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
Gain/(Loss) on disposal of fixed assets, net	**39,195**	(48)	**–**	–
Forfeiture/Compensation income	**55,228**	60,225	**–**	–
Interest income	**4,715**	10,060	**–**	–
Others	**284,958**	282,051	**5,708**	–
	384,096	352,288	**5,708**	–

20 NET FINANCE (EXPENSE)/INCOME

	Note	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
Financial guarantees amortised		–	–	**2,833,169**	4,130,532
Finance income		–	–	**2,833,169**	4,130,532
Interest expense:					
Loans		**9,048,247**	8,875,301	–	–
Obligations under finance leases		**5,261**	5,261	–	–
Amortisation of transaction cost previously capitalised		**2,150,541**	736,420	–	–
		11,204,049	9,616,982	–	–
Interest expense capitalised in development properties	9	**(526,506)**	(510,231)	–	–
Finance expense		**10,677,543**	9,106,751	–	–
Net finance (expense)/income recognised in profit or loss		**(10,677,543)**	(9,106,751)	**2,833,169**	4,130,532

21 PROFIT/(LOSS) BEFORE INCOME TAX

The following items have been included in arriving at profit/(loss) before income tax:

	Note	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
Write-back of allowance for diminution in value of development properties		–	(48,503)	–	–
Impairment loss made/(written back) on other assets		**20,000**	(2,000)	–	–
(Gain)/Loss on remeasurement of other investments		**(136,555)**	139,919	–	–
Audit fees paid to:					
Auditors of the Company		**184,500**	205,500	**80,000**	82,500
Other auditors		**25,664**	20,917	–	–
Non-audit fees paid to:					
Auditors of the Company		**101,050**	40,900	**41,750**	4,100
Other auditors		**6,304**	4,183	–	–
Directors' fees		**130,000**	130,000	**130,000**	130,000
Staff costs	22	**15,441,543**	15,237,907	–	–
Rental income from investment properties		**(33,869,558)**	(33,889,880)	–	–
Operating lease expense		**82,877**	81,973	–	–
Impairment loss on trade and other receivables and bad debts written off, net		**56,411**	56,149	–	–
Bad debts recovered		**(24,814)**	(25)	–	–
Impairment loss written back on receivables from subsidiaries		–	–	**(100,440)**	–
Direct operating expenses arising from investment properties:					
that generated rental income		**12,084,066**	11,327,579	–	–
that did not generate rental income		**227,687**	189,014	–	–

Short-term employee benefits, excluding Directors' fees, paid to key management personnel during the year amounted to $12,238,737 (2011: $12,053,652).

22 STAFF COSTS

Group	2012 $	2011 $
Salaries and wages	**16,546,792**	15,856,719
Contributions to defined contribution plans	**792,241**	590,604
Others	**767,267**	533,906
	18,106,300	16,981,229
Staff costs capitalised in properties under development	**(2,664,757)**	(1,743,322)
	15,441,543	15,237,907

23 INCOME TAX EXPENSE

	Group		Company	
	2012 $	2011 Restated* $	2012 $	2011 $
Income Tax Expense				
Current year	**1,555,500**	1,496,200	**–**	–
Underprovision in prior years	**240,220**	–	**–**	–
	1,795,720	1,496,200	**–**	–
Deferred Tax Expense				
Movements in temporary differences	**2,233,400**	1,661,700	**–**	–
	4,029,120	3,157,900	**–**	–
Reconciliation of Effective Tax Rate				
Profit/(Loss) before income tax	**81,505,871**	166,899,967	**(2,048,173)**	409,352
Income tax using Singapore tax rate at 17% (2011: 17%)	**13,855,998**	28,372,994	**(348,189)**	69,590
Effect of different tax rates in other countries	**217,707**	42,066	**–**	–
Income not subject to tax	**(9,088,967)**	(27,084,268)	**(499,684)**	(740,982)
Expenses not deductible for tax purposes	**748,539**	1,842,128	**847,873**	671,392
Tax benefits not recognised	**35,638**	46,787	**–**	–
Utilisation of previously unrecognised tax losses	**(612,158)**	(121,746)	**–**	–
Effects of results of associates, net of tax	**(1,370,627)**	58,091	**–**	–
Underprovision in prior years	**240,220**	–	**–**	–
Others	**2,770**	1,848	**–**	–
	4,029,120	3,157,900	**–**	–

* See Note 2.1

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

Group	2012 $	2011 $
Deductible temporary differences	**211,170**	151,425
Unutilised tax losses	**30,351,406**	34,399,331
	30,562,576	34,550,756

Deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the subsidiaries of the Group can utilise the benefits. However, the unutilised tax losses are available for offset against future taxable income subject to agreement with the relevant tax authorities.

24 EARNINGS PER SHARE

The basic and diluted earnings per share of the Group are calculated based on the consolidated profit for the year of $77,476,751 (2011: $163,742,067) and the weighted average number of ordinary shares outstanding of 791,465,621 (2011: 791,465,621**).

** For comparative purposes, the number of ordinary shares as at 31 December 2011 was adjusted to include the issue of one bonus share for every five existing ordinary shares held (Note 12) in the calculation of basic and diluted earnings per share.

25 FINANCIAL RISK MANAGEMENT

Financial Risk Management Objectives and Policies

The Group and the Company are exposed to credit risk, liquidity risk and market risk (including interest rate, foreign currency and price risks) arising from its diversified portfolio business. Risk management is integral to the whole business of the Group. The Group's risk management approach seeks to minimise the potential material adverse effects from these exposures.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Exposure to currency, interest rate and credit risks arises in the normal course of the Group's business. This section provides details of the Group's exposure to financial risk and describes the methods used by management to control such risk.

Credit Risk

Credit risk is the potential risk of financial loss resulting from failure of a customer or counter party in meeting its financial and contractual obligations to the Group, as and when they fall due.

The Group's primary exposure to credit risk arises mainly from its other investments, trade and other receivables and cash and cash equivalents. The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The credit policy also requires a security deposit from customers to secure tenancy commitments.

Investments and transactions involving derivative financial instruments are allowed only with counter parties that are of high credit quality.

Cash is placed with regulated financial institutions.

Liquidity Risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following are the expected contractual maturities of financial liabilities, including interest payments which are computed using contractual rates or, if floating, based on rates at the balance sheet date and the earliest date the Group can be required to pay:

	Carrying Amount $	Contractual Cash Outflows $	Cash Outflows Within 1 Year $	Cash Outflows After 1 Year But Within 5 Years $	Cash Outflows After 5 Years $
Group					
2012					
Non-derivative Financial Liabilities					
Loans*	**594,540,000**	**(608,289,931)**	**(8,679,167)**	**(599,610,764)**	**–**
Obligations under finance leases	**11,001**	**(12,226)**	**(12,226)**	**–**	**–**
Bank overdraft	**698,684**	**(698,684)**	**(698,684)**	**–**	**–**
Trade and other payables	**40,142,022**	**(40,142,022)**	**(31,092,751)**	**(9,049,271)**	**–**
	635,391,707	**(649,142,863)**	**(40,482,828)**	**(608,660,035)**	**–**
2011					
Non-derivative Financial Liabilities					
Loans*	600,072,150	(624,979,382)	(9,646,153)	(615,333,229)	–
Obligations under finance leases	55,805	(62,291)	(50,065)	(12,226)	–
Trade and other payables	26,859,239	(26,859,239)	(17,082,455)	(9,776,784)	–
	626,987,194	(651,900,912)	(26,778,673)	(625,122,239)	–
Company					
2012					
Non-derivative Financial Liabilities					
Financial guarantees	**1,567,586**	**(1,567,586)**	**(1,025,573)**	**(542,013)**	**–**
Trade and other payables	**1,067,024**	**(1,067,024)**	**(1,067,024)**	**–**	**–**
	2,634,610	**(2,634,610)**	**(2,092,597)**	**(542,013)**	**–**
2011					
Non-derivative Financial Liabilities					
Financial guarantees	2,348,755	(2,348,755)	(2,348,755)	–	–
Trade and other payables	746,712	(746,712)	(746,712)	–	–
	3,095,467	(3,095,467)	(3,095,467)	–	–

* Gross of unamortised transaction cost.

Market Risk
Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk
The Group's exposure to changes in interest rates relates primarily to loans. Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which interest income and expense could be impacted from an adverse movement in interest rates.

Sensitivity analysis – interest rate risk
An increase/decrease of 100 basis points in interest rates on loans, would decrease/increase the Group's profit before income tax for 2012 by $5,372,448 (2011: $5,183,702). The analysis assumes that all other variables, in particular foreign currency rates, remain constant and that there is no change during the year in the amount of loans as at balance sheet date. The analysis is performed on the same basis for 2011.

Foreign currency risk
The Group is not exposed to significant foreign currency risk on currencies other than the respective functional currencies of Group entities.

The Company is exposed to foreign currency risk on amounts due from subsidiaries (mainly non-trade) that are denominated in Hong Kong dollar. The exposure to foreign currency risk amounts to $22,159,724 (2011: $23,398,637) at the balance sheet date.

Exposure to currency risk is monitored on an ongoing basis and the Group and the Company endeavour to keep the net exposure at an acceptable level.

Sensitivity analysis – foreign currency risk
A 10% strengthening/weakening of the Singapore dollar against the Hong Kong dollar at the balance sheet date would decrease/increase the Company's profit before income tax for 2012 by $2,215,972 (2011: $2,339,864). This analysis assumes that all other variables, in particular interest rates, remain constant.

There is no direct impact on the Company's equity arising from the foreign currency change in Singapore dollar against the Hong Kong dollar.

Equity price risk
The Group has investments in quoted equity securities and is exposed to price risk. These securities are listed on the Singapore Exchange Securities Trading Limited. The Group is not exposed to commodity price risk.

Sensitivity analysis – equity price risk
A 10% increase/decrease in the underlying equity prices on the quoted equity securities would increase/decrease the Group's profit before income tax by $29,401 (2011: $16,156). There is no direct impact on the Group's equity.

Accounting Classification and Fair Values
The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

Group	Note	Loans and Receivables $	Held for Trading $	Available-for-sale $	Other Financial Liabilities Within the Scope of FRS 39 $	Other Financial Liabilities Outside the Scope of FRS 39 $	Total Carrying Amount $	Fair Value $
2012								
Other investments	7	–	**447,857**	**2**	–	–	**447,859**	**447,859**
Other assets	8	**376,604**	–	–	–	–	**376,604**	**376,604**
Trade and other receivables	10	**4,807,181**	–	–	–	–	**4,807,181**	**4,807,181**
Cash and cash equivalents	11	**72,805,493**	–	–	–	–	**72,805,493**	**72,805,493**
		77,989,278	**447,857**	**2**	–	–	**78,437,137**	**78,437,137**
Bank overdraft	11	–	–	–	**694,684**	–	**694,684**	**694,684**
Loans	14	–	–	–	**592,231,582**	–	**592,231,582**	**592,231,582**
Obligations under finance leases	14	–	–	–	–	**11,001**	**11,001**	**11,001**
Trade and other payables	17	–	–	–	**40,142,022**	–	**40,142,022**	**40,142,022**
		–	–	–	**633,068,288**	**11,001**	**633,079,289**	**633,079,289**

Group	Note	Loans and Receivables $	Held for Trading $	Available-for-sale $	Other Financial Liabilities Within the Scope of FRS 39 $	Other Financial Liabilities Outside the Scope of FRS 39 $	Total Carrying Amount $	Fair Value $
2011								
Other investments	7	–	311,302	2	–	–	311,304	311,304
Other assets	8	398,984	–	–	–	–	398,984	398,984
Trade and other receivables	10	1,564,614	–	–	–	–	1,564,614	1,564,614
Cash and cash equivalents	11	57,008,442	–	–	–	–	57,008,442	57,008,442
		58,972,040	311,302	2	–	–	59,283,344	59,283,344
Loans	14	–	–	–	598,253,191	–	598,253,191	598,253,191
Obligations under finance leases	14	–	–	–	–	55,805	55,805	55,805
Trade and other payables	17	–	–	–	26,859,239	–	26,859,239	26,859,239
		–	–	–	625,112,430	55,805	625,168,235	625,168,235

Company	Note	Loans and Receivables $	Other Financial Liabilities $	Total Carrying Amount $	Fair Value $
2012					
Cash and cash equivalents	11	**309,874**	**–**	**309,874**	**309,874**
Financial guarantees	14	**–**	**1,567,586**	**1,567,586**	**1,567,586**
Trade and other payables	17	**–**	**1,067,024**	**1,067,024**	**1,067,024**
		–	**2,634,610**	**2,634,610**	**2,634,610**
2011					
Cash and cash equivalents	11	314,372	–	314,372	314,372
Financial guarantees	14	–	2,348,755	2,348,755	2,348,755
Trade and other payables	17	–	746,712	746,712	746,712
		–	3,095,467	3,095,467	3,095,467

Estimation of Fair Values

The carrying amounts of financial assets and liabilities with a maturity or repricing of less than one year (including trade and other receivables, cash and cash equivalents, bank overdraft and trade and other payables) are assumed to approximate their fair values as they are short-term in nature or reprice on a short-term basis.

The fair values of other instruments are determined in accordance with Note 2.6 and Note 7.

Intra-group Financial Guarantees

The value of financial guarantees provided by the Company to its subsidiaries is determined by reference to the difference in the interest rates, by comparing the actual rates charged by the financial institutions with these guarantees made available, with the estimated rates that the financial institutions would have charged had these guarantees not been available.

26 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Group's business. The Board defines capital as total equity, excluding non-controlling interest. The Board manages the capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Board may adjust the dividend payment to shareholders or issue new shares or other financial instruments.

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

	31/12/2012	31/12/2011 Restated*	1/1/2011 Restated*
	$	$	$
Gross borrowings	**595,245,685**	600,127,955	609,044,610
Cash and cash equivalents	**(72,805,493)**	(57,008,442)	(44,213,071)
Net debt	**522,440,192**	543,119,513	564,831,539
Total equity	**1,204,763,464**	1,136,016,102	970,792,965
Net debt to equity ratio	**0.43**	0.48	0.58

The Company seeks shareholders' approval annually to renew its share purchase mandate which authorises the Directors of the Company to make purchases of the Company's shares on the market subject to terms and conditions stated in the share purchase mandate. There were no changes in the Group's approach to capital management during the financial year. The Company and its subsidiaries are not subject to externally imposed capital requirement.

* See Note 2.1

27 RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

Group	2012 $	2011 $
Contract services provided to key management personnel	**59,504**	38,046
General and administrative expenses charged to an associate	**14,215**	–

During the year, progress instalments of $6,441,314 (2011: $3,389,836) were received for all units of Concourse Skyline sold to related parties in previous years.

28 SEGMENT REPORTING

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

The following summary describes the operations in each of the Group's reportable segments:

- Property investment – includes investments in investment properties
- Property development and construction – develops retail and residential units and sells residential units
- Property management – provides maintenance and management services

Other operations include investment holding and dormant companies. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2012 or 2011.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/(loss) before tax, as included in the internal management reports that are reviewed by the Company's Board of Directors. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information About Reportable Segments
Business Segments

Group	Property Investment $	Property Development and Construction $	Property Management $	Other Operations $	Total $
2012					
External revenue	**43,039,717**	**111,994,931**	**987,003**	**10,607**	**156,032,258**
Inter-segment revenue	**160,195**	**59,217,099**	**265,430**	**–**	**59,642,724**
Interest revenue	**54,283**	**38**	**–**	**–**	**54,321**
Finance expense	**(9,026,035)**	**(1,559,541)**	**–**	**(91,967)**	**(10,677,543)**
Reportable segment profit/(loss) before income tax	**56,608,689**	**17,260,018**	**116,862**	**(786,530)**	**73,199,039**
Share of results of associates, net of tax					**8,306,832**
Other material non-cash items:					
Depreciation and amortisation	**(1,116,655)**	**(1,262,164)**	**(823)**	**–**	**(2,379,642)**
Gain on revaluation of investment properties	**45,227,821**	**–**	**–**	**–**	**45,227,821**
Allowances and impairment loss, net of reversals	**(76,411)**	**–**	**–**	**136,555**	**60,144**
Reportable segment assets	**1,307,548,451**	**370,052,048**	**114,917**	**1,078,532**	**1,678,793,948**
Associates					**165,164,618**
Capital expenditure	**2,665,398**	**178,817**	**2,964**	**–**	**2,847,179**
Reportable segment liabilities	**561,055,378**	**65,541,971**	**133,032**	**6,348,908**	**633,079,289**
2011, restated					
External revenue	42,590,792	85,597,524	1,006,166	41,657	129,236,139
Inter-segment revenue	160,410	23,541,159	264,330	–	23,965,899
Interest revenue	60,610	19	–	–	60,629
Finance expense	(8,588,018)	(434,786)	–	(83,947)	(9,106,751)
Reportable segment profit/(loss) before income tax	163,275,236	12,395,827	199,573	(689,980)	175,180,656
Share of results of associates, net of tax					(352,066)
Other material non-cash items:					
Depreciation and amortisation	(842,316)	(142,417)	(739)	–	(985,472)
Gain on revaluation of investment properties	151,070,875	–	–	–	151,070,875
Allowances and impairment loss, net of reversals	(54,149)	48,503	–	(139,919)	(145,565)
Reportable segment assets	1,259,621,130	338,833,069	156,225	703,000	1,599,313,424
Associates					165,753,178
Capital expenditure	1,927,115	144,823	–	–	2,071,938
Reportable segment liabilities	554,535,233	64,484,000	277,009	5,871,993	625,168,235

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

Group	2012 $	2011 Restated* $
Revenue		
Total revenue for reportable segments	**215,664,375**	153,160,381
Revenue for other operations	**10,607**	41,657
Elimination of inter-segment revenue	**(59,642,724)**	(23,965,899)
	156,032,258	129,236,139
Profit or Loss		
Total profit for reportable segments	**73,985,569**	175,870,636
Loss for other operations	**(786,530)**	(689,980)
Elimination of inter-segment profit	**–**	–
	73,199,039	175,180,656
Other unallocated profit or loss items:		
Loss on dilution of interest in an associate	**–**	(7,928,623)
Share of results of associates, net of tax	**8,306,832**	(352,066)
	81,505,871	166,899,967
Assets		
Total assets for reportable segments	**1,677,715,416**	1,598,610,424
Assets for other operations	**1,078,532**	703,000
Associates	**165,164,618**	165,753,178
	1,843,958,566	1,765,066,602
Liabilities		
Total liabilities for reportable segments	**626,730,381**	619,296,242
Liabilities for other operations	**6,348,908**	5,871,993
Deferred tax liability	**3,895,100**	1,661,700
Tax payable	**2,220,713**	2,220,565
	639,195,102	629,050,500

* See Note 2.1

Other Material Items

Group	Reportable Segment $	Other Operations $	Total $
2012			
Interest revenue	**54,321**	**–**	**54,321**
Finance expense	**(10,585,576)**	**(91,967)**	**(10,677,543)**
Depreciation and amortisation	**(2,379,642)**	**–**	**(2,379,642)**
Gain on revaluation of investment properties	**45,227,821**	**–**	**45,227,821**
Allowances and impairment loss, net of reversals	**(76,411)**	**136,555**	**60,144**
Capital expenditure	**2,847,179**	**–**	**2,847,179**

Group	Reportable Segment $	Other Operations $	Total $
2011, restated			
Interest revenue	60,629	–	60,629
Finance expense	(9,022,804)	(83,947)	(9,106,751)
Depreciation and amortisation	(985,472)	–	(985,472)
Gain on revaluation of investment properties	151,070,875	–	151,070,875
Allowances and impairment loss, net of reversals	(5,646)	(139,919)	(145,565)
Capital expenditure	2,071,938	–	2,071,938

Geographical Segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on geographical location of the assets.

Group	Singapore $	Hong Kong $	Total $
2012			
External revenue	**156,032,258**	**–**	**156,032,258**
Non-current assets ^	**1,306,086,038**	**165,207,222**	**1,471,293,260**
2011, restated			
External revenue	129,236,139	–	129,236,139
Non-current assets ^	1,258,359,877	165,798,162	1,424,158,039

^ Non-current assets consist of fixed assets, associates, investment properties and other assets.

29 COMMITMENTS

As at 31 December 2012, the Group's commitments in respect of development and construction and capital expenditure contracted but not provided for in the financial statements amounted to approximately $99,879,000 (2011: $142,950,000).

The Group leases out its investment and development properties. Non-cancellable operating lease rentals receivable as at 31 December are as follows:

Group	2012 $	2011 $
Within 1 year	**39,616,758**	35,299,561
After 1 year but within 5 years	**38,854,680**	46,393,705
	78,471,438	81,693,266

30 SUBSEQUENT EVENTS

Subsequent to the balance sheet date, the following events took place:

- First and final 1-tier tax exempt dividend was proposed by the Directors in respect of the financial year ended 31 December 2012. The dividend which is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company is as follows:

	Group and Company	
	2012 $	**2011 $**
0.6 cents (2011: $Nil) per ordinary share	**4,748,794**	–

The dividend has not been provided for as at 31 December 2012.

- The Company established a $300 million unsecured Multicurrency Medium Term Note Programme in December 2012. On 24 January 2013 and on 22 March 2013, $100 million fixed rate notes due 2018 and $120 million fixed rate notes due 2019 were issued respectively. These notes bear interest of 4.75% per annum, payable semi-annually in arrears.

- A subsidiary of the Company obtained Grant of Written Permission ("WP") from the Urban Redevelopment Authority. This WP is for the proposed additions and alterations to the existing International Building involving an extension of a single storey commercial block and redevelopment of the existing car park block to a new 27 storey hotel on Lot 956X at 360 Orchard Road and Lot 1719L at Claymore Hill for which development charge was paid in February 2013.

31 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations that are not yet effective for the year ended 31 December 2012 have not been applied in preparing these financial statements. Those new standards, amendments to standards and interpretations are set out below:

Applicable for the Group's 2013 Financial Statements

- FRS 19 *Employee Benefits* (revised 2011), which revises certain principles of the current FRS 19, including the elimination of the option to defer recognition of re-measurement gains and losses for defined benefit plans and requiring these re-measurements to be presented in other comprehensive income. The standard also requires a re-assessment of the basis used for determining the income or expense related to defined benefit plans. In addition, there are changes to the definition of employee benefits as short-term or other long-term employee benefits.

- FRS 113 *Fair Value Measurement*, which replaces the existing guidance on fair value measurement in different FRSs with a single definition of fair value. The standard also establishes a framework for measuring fair values and sets out the disclosure requirements for fair value measurements.

Applicable for the Group's 2014 Financial Statements

- Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, which clarifies the existing criteria for net presentation on the face of the statement of financial position.

  Under the amendments, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

- FRS 110 *Consolidated Financial Statements*, which changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power with the investee. FRS 110 introduces a single control model with a series of indicators to assess control. FRS 110 also adds additional context, explanation and application guidance based on the principle of control.

- FRS 111 *Joint Arrangements*, which establishes the principles for classification and accounting of joint arrangements. The adoption of this standard would require the Group to re-assess and classify its joint arrangements as either joint operations or joint ventures based on its rights and obligations arising from the joint arrangements. Under this standard, interests in joint ventures will be accounted for using the equity method whilst interests in joint operations will be accounted for using the applicable FRSs relating to the underlying assets, liabilities, revenue and expense items arising from the joint operations.

- FRS 112 *Disclosure of Interests in Other Entities*, which sets out the disclosures required to be made in respect of all forms of an entity's interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The adoption of this standard would result in more extensive disclosures being made in the Group's financial statements in respect of its interests in other entities.

The Group is in the process of assessing the impact arising from the adoption of the above new accounting standards and interpretations not yet adopted.

32 COMPARATIVE INFORMATION

Certain comparatives in the financial statements have been changed from prior year due to change in accounting policy as described in Note 2.1. The effects of the change are as follows:

Group	1/1/2011 As Previously Reported $	Adjustments $	1/1/2011 Restated* $
Balance Sheet			
Associates	153,056,249	19,465,441	172,521,690
Deferred tax liability	63,985,800	(63,985,800)	–
Retained profit	750,021,761	83,451,241	833,473,002

	31/12/2011 As Previously Reported $	Adjustments $	31/12/2011 Restated* $
Balance Sheet			
Associates	147,573,831	18,179,347	165,753,178
Deferred tax liability	91,150,000	(89,488,300)	1,661,700
Retained profit	889,677,081	107,537,988	997,215,069
Translation reserves	(50,656,852)	129,659	(50,527,193)

	2011 As Previously Reported $	Adjustments $	2011 Restated* $
Statement of Comprehensive Income			
Loss on dilution of interest in an associate	(6,328,418)	(1,600,205)	(7,928,623)
Share of results of associates, net of tax	(536,518)	184,452	(352,066)
Profit before income tax	168,315,720	(1,415,753)	166,899,967
Income tax expense	(28,660,400)	25,502,500	(3,157,900)
Profit for the year attributable to Owners of the Company	139,655,320	24,086,747	163,742,067
Other comprehensive income for the year, net of income tax	1,351,411	129,659	1,481,070
Total comprehensive income for the year attributable to Owners of the Company	141,006,731	24,216,406	165,223,137

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF HONG FOK CORPORATION LIMITED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

The information in this Appendix IV has been reproduced from the annual report of Hong Fok Corporation Limited for the financial year ended 31 December 2013 and has not been specifically prepared for inclusion in this Information Memorandum.

INDEPENDENT AUDITORS' REPORT

Year Ended 31 December 2013

MEMBERS OF THE COMPANY
HONG FOK CORPORATION LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Hong Fok Corporation Limited (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2013, the statements of comprehensive income and the statements of changes in equity of the Group and the Company and the cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 26 to 66.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
26 March 2014

BALANCE SHEETS
As At 31 December 2013

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Non-current Assets					
Fixed assets	3	**296**	253	**–**	–
Subsidiaries	4	**–**	–	**431,625**	232,111
Associates	5	**184,524**	165,164	**–**	–
Investment properties	6	**1,713,125**	1,305,499	**–**	–
Other investments	7	*****	*	**–**	–
Other assets	8	**351**	377	**–**	–
		1,898,296	1,471,293	**431,625**	232,111
Current Assets					
Other investments	7	**1,290**	448	**–**	–
Development properties	9	**400,337**	291,058	**–**	–
Trade and other receivables	10	**4,808**	8,354	**7**	3
Cash and cash equivalents	11	**22,135**	72,805	**20,077**	310
		428,570	372,665	**20,084**	313
Total Assets		**2,326,866**	1,843,958	**451,709**	232,424
Equity Attributable to Owners of the Company					
Share capital	12	**186,688**	186,688	**186,688**	186,688
Reserves	13	**1,376,699**	1,018,075	**42,131**	43,101
Total Equity		**1,563,387**	1,204,763	**228,819**	229,789
Non-current Liabilities					
Trade and other payables	17	**7,626**	1,453	**–**	–
Loans and borrowings	14	**225,416**	592,232	**217,755**	–
Financial guarantees	14	**–**	–	**–**	542
Deferred tax liability	15	**7,028**	3,895	**–**	–
		240,070	597,580	**217,755**	542
Current Liabilities					
Bank overdraft	11	**–**	694	**–**	–
Trade and other payables	17	**52,882**	38,689	**4,593**	1,067
Obligations under finance leases	14	**–**	11	**–**	–
Loans and borrowings	14	**468,318**	–	**–**	–
Financial guarantees	14	**–**	–	**542**	1,026
Tax payable		**2,209**	2,221	**–**	–
		523,409	41,615	**5,135**	2,093
Total Liabilities		**763,479**	639,195	**222,890**	2,635
Total Equity and Liabilities		**2,326,866**	1,843,958	**451,709**	232,424

* *Amount less than $1,000*

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

STATEMENTS OF COMPREHENSIVE INCOME

Year Ended 31 December 2013

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Revenue	18	**227,638**	156,032	**4,800**	–
Other income	19	**1,963**	384	**103**	6
		229,601	156,416	**4,903**	6
Cost of sales of development properties		**(143,059)**	(86,402)	**–**	–
Depreciation of fixed assets	3	**(228)**	(229)	**–**	–
Exchange (loss)/gain, net		**(1)**	(2)	**837**	(1,339)
Gain from change in interests in associates		**8,896**	–	**–**	–
Gain on revaluation of investment properties		**323,618**	45,228	**–**	–
Impairment loss made on investment in a subsidiary		**–**	–	**(388)**	(2,818)
Other expenses		**(41,559)**	(31,134)	**(893)**	(730)
		377,268	83,877	**4,459**	(4,881)
Finance income	20	**–**	–	**1,025**	2,833
Finance expense	20	**(17,108)**	(10,678)	**(1,706)**	–
Net finance (expense)/income		**(17,108)**	(10,678)	**(681)**	2,833
Share of results of associates, net of tax		**2,388**	8,307	**–**	–
Profit/(Loss) before income tax	21	**362,548**	81,506	**3,778**	(2,048)
Income tax expense	23	**(5,596)**	(4,029)	**–**	–
Profit/(Loss) for the year attributable to Owners of the Company		**356,952**	77,477	**3,778**	(2,048)
Other comprehensive income					
Items that may be reclassified subsequently to Profit or Loss:					
Exchange differences on translation of financial statements of foreign subsidiaries and associates		**4,656**	(6,981)	**–**	–
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		**926**	(1,479)	**–**	–
Share of reserves of associates		**838**	(269)	**–**	–
Other comprehensive income for the year, net of income tax		**6,420**	(8,729)	**–**	–
Total comprehensive income for the year attributable to Owners of the Company		**363,372**	68,748	**3,778**	(2,048)
Earnings per share (cents):					
Basic	25	**45.10**	9.79		
Diluted	25	**45.10**	9.79		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2013

Group	Note	Share Capital $'000	Capital and Other Reserves $'000	Translation Reserves $'000	Retained Profit $'000	Total Attributable to Owners of the Company $'000
At 1 January 2012		186,688	2,640	(50,527)	997,214	1,136,015
Total comprehensive income for the year						
Profit for the year		–	–	–	77,477	77,477
Other comprehensive income						
Exchange differences on translation of financial statements of foreign subsidiaries and associates		–	–	(6,981)	–	(6,981)
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		–	–	(1,479)	–	(1,479)
Share of reserves of associates		–	(269)	–	–	(269)
Total other comprehensive income		–	(269)	(8,460)	–	(8,729)
Total comprehensive income for the year		–	(269)	(8,460)	77,477	68,748
At 31 December 2012		186,688	2,371	(58,987)	1,074,691	1,204,763
At 1 January 2013		**186,688**	**2,371**	**(58,987)**	**1,074,691**	**1,204,763**
Total comprehensive income for the year						
Profit for the year		**–**	**–**	**–**	**356,952**	**356,952**
Other comprehensive income						
Exchange differences on translation of financial statements of foreign subsidiaries and associates		**–**	**–**	**4,656**	**–**	**4,656**
Exchange differences on monetary items forming part of net investments in foreign subsidiaries		**–**	**–**	**926**	**–**	**926**
Share of reserves of associates		**–**	**838**	**–**	**–**	**838**
Total other comprehensive income		**–**	**838**	**5,582**	**–**	**6,420**
Total comprehensive income for the year		**–**	**838**	**5,582**	**356,952**	**363,372**
Transactions with Owners, recorded directly in Equity						
Distributions to Owners						
Dividend paid	24	**–**	**–**	**–**	**(4,748)**	**(4,748)**
At 31 December 2013		**186,688**	**3,209**	**(53,405)**	**1,426,895**	**1,563,387**

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

STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2013

Company	Note	Share Capital $'000	Retained Profit $'000	Total $'000
At 1 January 2012		186,688	45,149	231,837
Loss for the year – Total comprehensive income for the year		–	(2,048)	(2,048)
At 31 December 2012		186,688	43,101	229,789
At 1 January 2013		**186,688**	**43,101**	**229,789**
Profit for the year – Total comprehensive income for the year		**–**	**3,778**	**3,778**
Transactions with Owners, recorded directly in Equity				
Distributions to Owners				
Dividend paid	24	**–**	**(4,748)**	**(4,748)**
At 31 December 2013		**186,688**	**42,131**	**228,819**

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

CONSOLIDATED CASH FLOW STATEMENT

Year Ended 31 December 2013

	Note	2013 $'000	2012 $'000
Operating Activities			
Profit before income tax		**362,548**	81,506
Adjustments for:			
Share of results of associates, net of tax		**(2,388)**	(8,307)
Amortisation of transaction cost of loans and borrowings		**2,077**	2,151
Depreciation of fixed assets		**228**	229
Gain from change in interests in associates		**(8,896)**	–
Gain on remeasurement of other investments		**(421)**	(137)
Gain on disposal of other investments		**(350)**	–
Gain on revaluation of investment properties		**(323,618)**	(45,228)
Loss/(Gain) on disposal of fixed assets, net		**2**	(39)
Loss on disposal of other assets		**10**	–
Impairment loss on trade and other receivables and bad debts written off, net		**23**	56
Impairment loss on other assets		**16**	20
Interest income		**(137)**	(59)
Interest expense		**15,031**	8,527
		44,125	38,719
Changes in working capital:			
Development properties		**(108,782)**	(9,965)
Trade and other receivables		**5,742**	(5,507)
Trade and other payables		**17,008**	12,893
Cash (used in)/generated from operations		**(41,907)**	36,140
Interest income received		**139**	77
Income tax paid		**(2,475)**	(1,795)
Net Cash (Used In)/From Operating Activities		**(44,243)**	34,422
Investing Activities			
Acquisition of investment properties		**(16,491)**	–
Capital expenditure on investment properties		**(4,025)**	(2,611)
Investment in associates		**(1,544)**	–
Payment of development charge		**(63,492)**	–
Proceeds from disposal of fixed assets		**–**	139
Proceeds from disposal of other assets		**1**	–
Proceeds from disposal of other investments		**975**	–
Purchase of fixed assets		**(273)**	(236)
Purchase of other investments		**(1,046)**	–
Net Cash Used In Investing Activities		**(85,895)**	(2,708)
Financing Activities			
Interest expense paid		**(12,178)**	(8,661)
Dividend paid		**(4,748)**	–
Payment of finance lease rentals		**(11)**	(45)
Payment of transaction costs on loans and borrowings		**(4,855)**	(2,640)
Repayments of loans and borrowings		**(120,500)**	(5,500)
Proceeds from loans and borrowings		**222,445**	236
Net Cash From/(Used In) Financing Activities		**80,153**	(16,610)
Net (Decrease)/Increase in Cash and Cash Equivalents		**(49,985)**	15,104
Cash and cash equivalents at beginning of the year		**72,111**	57,008
Effect of exchange rate fluctuations		**9**	(1)
Cash and Cash Equivalents at End of the Year	11	**22,135**	72,111

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 26 March 2014.

1 DOMICILE AND ACTIVITIES

Hong Fok Corporation Limited is a company incorporated in the Republic of Singapore and has its registered office at 300 Beach Road #41-00, The Concourse, Singapore 199555.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries consist of property investment, property development and construction, property management, investment trading and investment holding and management.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the Group or Group entities) and the Group's interests in associates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

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

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information is presented in Singapore dollars and has been rounded to the nearest thousand, unless otherwise stated.

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

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

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

- Note 6 – classification of investment property

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

- Note 6 – fair value determination of investment properties
- Note 9 – estimation of allowance for foreseeable losses and percentage of completion for properties under development

Adoption of New/Revised Financial Reporting Standards

Fair value measurement

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

From 1 January 2013, in accordance with the transitional provisions of FRS 113, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities. The additional disclosures necessary as a result of the adoption of this standard has been included in Note 27.

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

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

Except for the above changes, the accounting policies set out below have been applied consistently by the Group to all periods presented in these financial statements.

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

The Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

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

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

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

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

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

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

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

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

Acquisitions from Entities under Common Control
Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

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

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

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

In the Group's financial statements, they are accounted for using the equity method of accounting. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Dilution of interest in associate (while maintaining the original significant influence) is determined between the carrying amount of the investment in the equity-accounted investee, immediately before and after the transaction that resulted in the dilution. Any surplus or deficit arising on the dilution of interest is recognised in profit or loss.

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

Accounting of Subsidiaries and Associates
Investment in subsidiaries and associates are stated in the Company's balance sheet at cost less accumulated impairment losses.

2.3 Foreign Currencies

Translation of Foreign Currencies
Foreign currency transactions are translated to the respective functional currencies of the Group entities at rates ruling on transaction dates. Monetary assets and liabilities denominated in foreign currencies are retranslated into functional currency at rates of exchange closely approximate to those ruling at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Translation differences are dealt with through profit or loss, except for differences arising from retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation.

Foreign Operations
The assets and liabilities of foreign operations are translated into Singapore dollars at rates of exchange closely approximate to those ruling at the balance sheet date. The results of foreign operations are translated to Singapore dollars at exchange rates prevailing at date of transactions. Exchange differences resulting from the translation are taken directly to translation reserves. On disposal of the foreign operation, the accumulated translation differences are recognised in profit or loss as part of the gain or loss on sale.

Net Investment in a Foreign Operation
Exchange differences arising from monetary items that in substance form part of the Company's net investment in a foreign operation are recognised in the Company's profit or loss. Such exchange differences are reclassified to equity in the consolidated financial statements. When the foreign operation is disposed of, the cumulative amount in equity is transferred to profit or loss as an adjustment to profit or loss arising on disposal.

2.4 Fixed Assets

Owned Assets
Fixed assets are stated in the financial statements at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed assets.

Gain or loss on disposal of an item of fixed assets is determined by comparing the proceeds from disposal with the carrying amount of fixed assets, and is recognised net within other income in profit or loss.

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

Leased Assets
Where fixed assets are financed by finance leases that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at the values equivalent to the present value of the total rental payable during the periods of the finance lease and the corresponding lease obligations are included under liabilities. The excess of the lease payments over the recorded lease obligations is treated as finance charges which are allocated over each finance lease term to give a constant rate of interest on the outstanding balance at the end of each period. Leased assets are stated in the financial statements at cost less accumulated depreciation and impairment losses.

Depreciation
Fixed assets are depreciated on a straight-line basis to write off their costs over their estimated useful lives at the following annual rates:

Office equipment and furniture	–	20% to 100%
Motor vehicles	–	20%
Plant and equipment	–	20% to 30%
Furniture	–	20%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

2.5 Investment Properties

Investment properties consist of completed investment properties and investment properties under development. Completed investment properties are properties which are not held with the intention of sale in the ordinary course of business and are held for their income or investment potential or both. Investment properties under development are properties that are under construction or developed for future use as investment properties.

Investment properties are measured at cost on initial recognition and subsequently at fair value with any change recognised in profit or loss. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. The fair value is determined annually by independent professional valuers. Rental income from investment properties is accounted for in the manner described in Note 2.9.

When the use of a property changes such that it is reclassified as fixed asset, its fair value at the date of reclassification becomes its cost for subsequent accounting.

2.6 Financial Instruments

Non-derivative Financial Instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, bank overdraft, loans and borrowings, financial guarantees, obligations under finance leases and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, that is, the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

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

Cash and cash equivalents comprise fixed deposits, cash at banks and in hand. For the purpose of the consolidated cash flow statement, cash and cash equivalents are presented net of bank overdraft which is repayable on demand and which form an integral part of the Group's cash management.

Available-for-sale financial assets

The Group's investments in certain equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment loss, and foreign exchange gain or loss on available-for-sale monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

When an equity instrument does not have a quoted market price in an active market and other methods of determining fair value do not result in a reliable estimate, the investment is measured at cost less impairment loss.

Investments at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated as fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

The fair value of financial assets classified as held for trading is determined as the quoted bid price at the balance sheet date or based on observable market data.

Others

Other non-derivative financial instruments which comprise of loans and receivables and other financial liabilities are measured at amortised cost using the effective interest method, less any impairment loss.

Intra-group Financial Guarantees
Financial guarantees are classified as financial liabilities.

Financial guarantees are recognised initially at fair value. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to profit or loss.

Share Capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a reduction from equity, net of any tax effects.

2.7 Development Properties
Development properties are properties which are held with the intention of sale in the ordinary course of business. They include completed properties and properties under development.

Completed properties are stated at the lower of cost and Directors' estimate of net realisable value. Cost includes cost of land, borrowing costs and other related expenditure. Capitalisation of interest cost and other related expenditure ceases when the temporary occupation permit for the development is issued by the authorities or when active development is suspended for extended periods. Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

Properties under development are stated at cost less any allowance for foreseeable losses considered necessary by the Directors, net of progress instalments received and receivable. Cost comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding properties under development are capitalised, on a specific identification basis, as part of the cost of the development properties until the completion of development.

Allowance for foreseeable losses is made in the period in which such loss is determined.

2.8 Impairment
Impairment of Financial Assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Financial assets are tested for impairment on an individual basis. Any impairment loss is recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

Impairment loss in respect of financial assets measured at amortised cost and available-for-sale debt securities is reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Impairment loss once recognised in profit or loss in respect of available-for-sale equity securities is not reversed through profit or loss. Any subsequent increase in fair value of such assets is recognised directly in equity.

Impairment of Non-financial Assets
The carrying amounts of the Group's non-financial assets, other than development properties, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an

asset exceeds its recoverable amount. The impairment loss is charged to profit or loss unless it reverses a previous revaluation, credited in equity, in which case it is charged to equity.

Calculation of recoverable amount
The recoverable amount of an asset is the greater of its value in use and its fair value to use less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

2.9 Revenue Recognition
Revenue from sales of development properties is recognised using the percentage of completion method when the Group determines that (a) control and the significant risks and rewards of ownership of the work-in-progress transfer to the buyer in its current state as construction progresses, (b) sales price is fixed and collectible, (c) the percentage of completion can be measured reliably, (d) there is no significant uncertainty as to the ability of the Group to complete the development, and (e) costs incurred or to be incurred can be measured reliably.

The percentage of completion is measured by reference to the surveys of work performed. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work.

Rental income (net of any incentives given to lessee) and maintenance fees are recognised in profit or loss on a straight-line basis over the term of the leases.

Revenue upon disposal of investments is recognised in profit or loss at the contractual date.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Car park and interest income from late payment by tenants are recognised in profit or loss on an accrual basis. Interest income from deposits is accrued on an effective interest basis.

Property management income is recognised in profit or loss upon rendering of the services.

2.10 Key Management Personnel
Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the entities. The Directors of the Group and its subsidiaries, Vice Presidents of the respective departments and Personal Assistant to Directors are considered as key management personnel of the Group.

2.11 Employee Benefits
Defined Contribution Plans
Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss as incurred.

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

Other Post-employment Benefits
The Group's net obligation in respect of post-employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. A provision is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligations can be estimated reliably. If employee benefits are payable more than twelve months after the balance sheet date, then they are discounted to their present value.

2.12 Finance Income and Expense
Finance income relates to amortisation of financial guarantees that are recognised in profit or loss.

Finance costs comprise interest expense on bank overdraft, loans and borrowings, and amortisation of transaction costs capitalised.

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

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

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

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

2.15 Segment Reporting

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

3 FIXED ASSETS

Group	Office Equipment and Furniture $'000	Motor Vehicles $'000	Plant and Equipment $'000	Furniture $'000	Total $'000
Cost					
At 1 January 2012	1,389	869	1,255	279	3,792
Translation differences	–	(3)	–	–	(3)
Additions	74	–	103	59	236
Disposals	(31)	(139)	(56)	(63)	(289)
At 31 December 2012	1,432	727	1,302	275	3,736
At 1 January 2013	**1,432**	**727**	**1,302**	**275**	**3,736**
Translation differences	**–**	**2**	**–**	**–**	**2**
Additions	**124**	**29**	**31**	**89**	**273**
Disposals	**(99)**	**–**	**–**	**(2)**	**(101)**
At 31 December 2013	**1,457**	**758**	**1,333**	**362**	**3,910**
Accumulated Depreciation					
At 1 January 2012	1,366	751	1,155	174	3,446
Translation differences	–	(3)	–	–	(3)
Depreciation for the year	57	99	45	28	229
Disposals	(31)	(139)	(12)	(7)	(189)
At 31 December 2012	1,392	708	1,188	195	3,483
At 1 January 2013	**1,392**	**708**	**1,188**	**195**	**3,483**
Translation differences	**–**	**2**	**–**	**–**	**2**
Depreciation for the year	**107**	**25**	**52**	**44**	**228**
Disposals	**(99)**	**–**	**–**	*****	**(99)**
At 31 December 2013	**1,400**	**735**	**1,240**	**239**	**3,614**
Carrying Amount					
At 1 January 2012	23	118	100	105	346
At 31 December 2012	40	19	114	80	253
At 1 January 2013	**40**	**19**	**114**	**80**	**253**
At 31 December 2013	**57**	**23**	**93**	**123**	**296**

* *Amount less than $1,000*

As at 31 December 2012, fixed assets included in the financial statements at a carrying value of approximately $18,000 were acquired under finance lease agreements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

4 SUBSIDIARIES

Company	2013 $'000	2012 $'000
Unquoted ordinary shares at cost	**183,431**	183,431
Impairment loss	**(43,712)**	(43,324)
	139,719	140,107
Financial guarantees	**25,439**	25,439
	165,158	165,546
Amounts due from subsidiaries (mainly non-trade)	**297,430**	123,856
Impairment loss	**(8,960)**	(8,960)
	288,470	114,896
Amounts due to subsidiaries (mainly non-trade)	**(22,003)**	(48,331)
	266,467	66,565
	431,625	232,111

As at the balance sheet date, the Company carried out a review on the recoverable amount of its investments in subsidiaries. The review led to an impairment loss of approximately $388,000 (2012: $2,818,000) that has been recognised in profit or loss of the Company. The recoverable amount of the investment was determined using the fair value less costs to sell approach. Fair value less cost to sell at the balance sheet date has been determined based on the higher of the market value or net realisable asset value of the subsidiary at the balance sheet date as in the opinion of the Directors of the Company, the net realisable asset value of the subsidiary approximates its fair value.

The amounts due from/(to) subsidiaries are unsecured and interest free and settlement is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Company's net investment in the subsidiaries, they are stated at cost less accumulated impairment losses and presented together with the Company's equity investment in the subsidiaries.

Details of the subsidiaries are as follows:

Name of Subsidiary	Country of Incorporation	Effective Equity Held by the Group 2013 %	2012 %
Yat Yuen Hong Holdings Pte. Ltd.	Singapore	**100**	100
Yat Yuen Hong Company Limited and its subsidiary:	Singapore	**100**	100
Super Homes Pte. Ltd.	Singapore	**100**	100
Hong Fok Homes Pte Ltd	Singapore	**100**	100
Cecil Land Development Pte. Ltd.	Singapore	**100**	100
Hong Fok Land Ltd and its subsidiary:	Singapore	**100**	100
Jemmax Investments Pte Ltd	Singapore	**100**	100
Hong Fok Realty Pte. Ltd.	Singapore	**100**	100
Vista Parking Services Pte Ltd	Singapore	**100**	100
Hong Fok Nominees Pte. Ltd.	Singapore	**100**	100
Broadway Development Pte Ltd	Singapore	**100**	100
Turie Pte Ltd	Singapore	**100**	100
Defoe Pte Ltd and its subsidiary:	Singapore	**100**	100
Brisco Pte Ltd	Singapore	**100**	100
Rasco Pte Ltd	Singapore	**100**	100
Biogem International Pte Ltd	Singapore	**100**	100

	Name of Subsidiary	Country of Incorporation	Effective Equity Held by the Group 2013 %	2012 %
	HFC Ventures.com Co Pte Ltd	Singapore	**100**	100
	Highfeature.com Co Pte Ltd	Singapore	**100**	100
	Warranty Management Pte Ltd	Singapore	**100**	100
	Maincon (Building) Pte. Ltd. and its subsidiary:	Singapore	**100**	100
	Elegant Homes Pte. Ltd.	Singapore	**100**	100
	Goldease Investments Limited and its subsidiaries:	British Virgin Islands	**100**	100
	Arundel Trading Pte Ltd	Singapore	**100**	100
	Firth Enterprises Pte Ltd	Singapore	**100**	100
	Hong Fok Development (Newton) Pte Ltd	Singapore	**100**	100
	Bishopgate Holdings Limited	British Virgin Islands	**100**	100
	Gold Triumph Assets Limited	British Virgin Islands	**100**	100
	Yorkwin Investments Limited	British Virgin Islands	**100**	100
	Hong Fok Corporation Limited	Cayman Islands	**100**	100
@	Hong Fok Corporation (H.K.) Limited and its subsidiaries:	Hong Kong	**100**	100
	Hong Fok Investment Holding Company Limited	Hong Kong	**100**	100
	Hong Fok Land International Limited	Hong Kong	**100**	100
	Hong Fok Nominees Limited	Hong Kong	**100**	100
	Supreme Homes Company Limited	Hong Kong	**100**	100
	Hong Fok Enterprises Limited	Hong Kong	**100**	100

@ The consolidated financial statements are audited by Crowe Horwath (HK) CPA Limited.

KPMG LLP is the auditor of all significant Singapore-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

5 ASSOCIATES

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Investments in associates	**186,524**	167,164	**2,000**	2,000
Impairment loss	**(2,000)**	(2,000)	**(2,000)**	(2,000)
	184,524	165,164	**–**	–
Amounts due from associates	**1,873**	1,809	**1,873**	1,809
Impairment loss	**(1,873)**	(1,809)	**(1,873)**	(1,809)
	–	–	**–**	–
	184,524	165,164	**–**	–

Details of the significant associates are as follows:

	Name of Associate	Place of Incorporation and Business	Effective Equity Held by the Group 2013 %	Effective Equity Held by the Group 2012 %
@	Hong Fok Land International Limited	Bermuda/Hong Kong	**42**	37
	Hong Fok Land Asia Limited	British Virgin Islands	**42**	37
	Hong Fok Land Investment Limited	Hong Kong	**42**	37
	Hugoton Limited	Hong Kong	**42**	37
	Bossiney Limited	Hong Kong	**42**	37
	Magazine Gap Property Management Limited	Hong Kong	**42**	37
	Wellow Investment Limited	Republic of Liberia	**42**	37
	Giant Yield Limited	Hong Kong	**42**	37
	Hong Fok Land Holding Limited	Hong Kong	**42**	37
	Allied Crown Limited	Hong Kong	**42**	37
	First Strategy Investments Limited	British Virgin Islands	**42**	37
	Prestige Century Limited	British Virgin Islands	**42**	37
	Hong Fok Land Assets Pte. Ltd.	Singapore	**42**	37
	Jiangmen Tangquan Real Estate Company Limited	The People's Republic of China	**#38**	#34
^	Winfoong International Limited	Bermuda/Hong Kong	**49**	48
	Winfoong Assets Limited	British Virgin Islands	**49**	48
	Sui Chong International Resources Limited	Hong Kong	**49**	48
	Sui Chong International (H.K.) Limited	Hong Kong	**49**	48
	Donwin Property Limited	Hong Kong	**49**	48
	Sui Chong Finance Limited	Hong Kong	**49**	48
	Vision Capital Limited	Hong Kong	**49**	48
	Fort Property Management Limited	Hong Kong	**49**	48
	Cheung Kee Garden Limited	Hong Kong	**49**	48
	Super Homes Limited	Hong Kong	**49**	48
	Century Elegant Limited	Hong Kong	**49**	48

@ The consolidated financial statements are audited by Crowe Horwath (HK) CPA Limited.
# Includes 92.0% held indirectly by Hong Fok Land International Limited.
^ Winfoong International Limited is listed on The Stock Exchange of Hong Kong Limited and its consolidated financial statements are audited by Crowe Horwath (HK) CPA Limited.

During the year ended 31 December 2013, the Group's associate, Hong Fok Land International Limited ("HFLIL") cancelled 137,360,956 ordinary shares of HK$0.05 each which were previously issued to various parties in 2011. The cancelled shares were not held by the Group. These shares were cancelled as the directors of HFLIL noted that the issuance of the shares was inconsistent with certain compliance rules and regulations in Hong Kong. Arising thereof, HFLIL entered into a deed of acknowledgement to cancel the shares and the Group's effective interest in HFLIL will remain at the original shareholding level of 40.38%. As a result of the cancellation of shares, the Group recognised a gain from the notional change in interest in HFLIL amounting to approximately $8,896,000 in the financial statements of the Group.

During the year ended 31 December 2013, the Company's wholly owned subsidiary Hong Fok Enterprises Limited acquired an aggregate of 17,782,206 ordinary shares of HFLIL at a consideration of HK$9,474,359 (approximately S$1,544,000). Following the acquisition, the Company's aggregate interest (held through its wholly owned subsidiaries) in the shares of HFLIL increased from 40.38% to 41.57%.

Arising from the above transactions, the Group's effective interest in Winfoong International Limited ("WIL") has also increased from 47.75% to 48.85% (38.92% direct interest in WIL and 9.93% interest in WIL through HFLIL). Accordingly, the Group recognised a gain from increase in equity interests in associates of approximately $3,166,000 in the profit or loss of the Group.

Summarised financial information on the associates (without any adjustment for the percentage of ownership held by the Group) is as follows:

Associates	2013 $'000	2012 $'000
Assets and Liabilities		
Total assets	**558,155**	539,020
Total liabilities	**109,042**	93,046

Included in total assets is an amount of approximately $88,833,000 (2012: $85,836,000) which represents the associates' cross-holding investment cost in the Company.

Results		
Revenue	**7,243**	7,536
(Loss)/Profit for the year	**(2,144)**	22,741
Fair value of quoted associate as at 31 December	**25,564**	14,053

As at 31 December 2013, the Group's share of the contingent liabilities of an associate amounted to approximately $622,000 (2012: $Nil).

6 INVESTMENT PROPERTIES

Group	2013 $'000	2012 $'000
At 1 January	**1,305,499**	1,257,660
Acquisition	**16,491**	–
Additions arising from subsequent expenditure recognised in carrying amount	**67,517**	2,611
Net increase in fair values	**323,618**	45,228
At 31 December	**1,713,125**	1,305,499
Investment properties have been revalued at balance sheet date as follows:		
Leasehold properties	**990,035**	956,449
Freehold properties	**723,090**	349,050
	1,713,125	1,305,499

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

Leasehold Properties

For both 2013 and 2012, leasehold properties are revalued by Jones Lang LaSalle Property Consultants Pte Ltd, a firm of independent professional valuers that has appropriate recognised professional qualifications and recent experience in the locations and categories of the properties being valued, on an open market value basis. Completed leasehold properties are valued using the Direct Sales Comparison Method and the Investment Method.

Under the Direct Sales Comparison Method, the market value of the property is assessed having regard to transactions of comparable properties within the vicinity and elsewhere. Prevailing market conditions were considered and due adjustments were made to account for differences in terms of location, tenure, size, shape, design and layout, age and condition of buildings, dates of transactions, etc. and other factors affecting its value.

Under the Investment Method, the market value of the property is assessed having regard to the value of income-producing properties, which takes into account the existing committed rentals and the estimated current market rentals achievable by the property. Outgoings such as property tax and service charge are then deducted from the rental income to arrive at a net income which is then capitalised at an appropriate rate to arrive at the market value of the property.

Freehold Properties
For both 2013 and 2012, freehold properties are revalued by Knight Frank Pte Ltd, a firm of independent professional valuers that has appropriate recognised professional qualifications and recent experience in the locations and categories of the properties being valued, on an open market value basis. Completed freehold properties are valued using both the Comparable Sales Method and the Investment Method, each method being used as a check against the other, except for the land for the proposed hotel and commercial development which is valued using the Residual Land Value Method.

Under the Comparable Sales Method, a comparison is made with sales of similar properties in the vicinity and other locations with adjustments made for differences in location, floor area, floor level, age/quality of development, tenure, date of sale, etc., before arriving at the value of the subject property.

Under the Investment Method, the net rent of the subject property is capitalised at a suitable rate of return to arrive at its value. The net rent is the balance sum after deducting service charge, property tax and a reasonable percentage of vacancy from the gross rent.

Under the Residual Land Value Method, the value of the land is arrived at by deducting current construction costs (including professional fees), development charge and other relevant costs from the gross development value of the proposed development assuming satisfactory completion. Developer's profit has also been allowed for. The gross development value was arrived at by using the Comparable Sales Method.

In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

The key unobservable inputs used in the valuation models in arriving at the fair values of the Level 3 Investment Properties are as disclosed under Note 27.

Completed investment properties are commercial properties that are mainly leased to external customers. Each of the leases contains an initial non-cancellable period of usually two to three years. Subsequent renewals are negotiated with the lessee.

The carrying amount of investment properties of the Group under operating leases at 31 December 2013 is approximately $1,252,990,000 (2012: $1,206,890,000).

The investment properties are mortgaged for credit facilities extended to the Group (Note 14).

Classification of Investment Property
During the year, a subsidiary of the Company has appointed a hotel manager for the proposed hotel to be built on the existing car park block of International Building that is part of Lot 956X at 360 Orchard Road Singapore.

Judgement is required in assessing whether the relevant future hotel asset arising from the proposed hotel development are owner-occupied or not, for the purposes of assessing whether FRS 40 *Investment Property* is applicable and whether therefore, accounting for the relevant hotel as investment property is appropriate for the purposes of the Group's financial statements. The question of whether or not a property is owner-occupied is a matter of judgement, involving consideration of various factors such as, the length of the agreement involved, the powers of intervention and level of influence on financial and operating decisions held by the Group, and the extent of the Group's interest in the profits and cash flows generated by the relevant property.

The relevant hotel property continues to be classified as an investment property until the change in use is evidenced.

7 OTHER INVESTMENTS

Group	2013 $'000	2012 $'000
Non-current Investments		
Available-for-sale unquoted equity securities:		
Cost	**6,482**	6,438
Impairment loss	**(6,482)**	(6,438)
	*	*
Current Investments		
Quoted equity securities, held for trading	**1,080**	294
Unquoted equity securities, held for trading	**210**	154
	1,290	448

* *Amount less than $1,000*

Certain investments with a carrying value of approximately $484,000 as at 31 December 2013 (2012: $294,000) have been pledged as collateral to secure a share margin trading facility granted to a subsidiary. As at 31 December 2013, the amount utilised under the facility granted was $Nil (2012: $Nil).

It is not practicable to estimate the fair value of certain of the Group's available-for-sale securities because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. These securities are thus stated at cost less impairment loss.

8 OTHER ASSETS

Group	2013 $'000	2012 $'000
Club membership	**505**	529
Impairment loss	**(154)**	(152)
	351	377

During the year, an impairment loss amounting to $16,000 (2012: $20,000) was made to adjust the carrying value of club membership to its recoverable amount, which was represented by the fair value of each club membership referenced from independent sources at the balance sheet date.

9 DEVELOPMENT PROPERTIES

Group	Note	2013 $'000	2012 $'000
Properties under development		**394,445**	285,166
Completed properties		**5,892**	5,892
		400,337	291,058
Properties Under Development			
Costs incurred		**533,258**	435,831
Attributable profits		**87,180**	44,300
Interest income on fixed deposits		**(586)**	(503)
		619,852	479,628
Progress instalments received and receivable		**(225,407)**	(194,462)
		394,445	285,166
Amount of interest capitalised during the year	20	**497**	526

The interest expense has been capitalised at rates ranging from approximately 1.2% to 1.4% (2012: 1.3% to 1.5%) per annum.

The Group adopts the percentage of completion method of revenue recognition for its residential project under the progressive payment scheme in Singapore. The stage of completion is measured in accordance with the accounting policy stated in Note 2.9. Significant assumptions are required in determining the stage of completion and the total estimated development costs. In making the assumptions, the Group evaluates them by relying on their past experience and the work of specialists.

In assessing for net realisable value of the completed property units, management takes into account the recent transaction prices of similar or comparable properties for completed units. The net realisable value of properties under development are assessed by reference to comparable properties, timing of sales, location of property, expected selling costs and development expenditure. Market conditions may, however, change, which may affect the future selling prices on the remaining unsold residential units of the development properties and accordingly, the carrying value of development properties for sale may be subject to adjustments in future periods.

Certain development properties are mortgaged for credit facilities extended to the Group (Note 14).

10 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Trade receivables	**934**	4,974	**–**	–
Impairment loss	**(99)**	(313)	**–**	–
	835	4,661	**–**	–
Other receivables	**233**	38	**–**	–
Deposits	**1,122**	108	**–**	–
	2,190	4,807	**–**	–
Prepayments and others	**2,618**	889	**7**	3
Advances to contractors	**–**	2,658	**–**	–
	4,808	8,354	**7**	3

Included in prepayments and others are transaction costs of approximately $2,160,000 (2012: $Nil) paid for a credit facility which has not been drawn down as at balance sheet date. These costs will be recognised over the expected life of the credit facility using the effective interest rate upon drawdown.

Concentration of credit risk relating to trade and other receivables is limited due to the Group's many varied customers. These customers are individuals and corporations, both local and multinational with different business activities. The Group's historical experience in the collection of trade receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for impairment loss is inherent in the Group's trade receivables.

At the balance sheet date, the maximum exposure to credit risk for trade and other receivables mainly arose from customers in Singapore.

Impairment Loss

The ageing of trade and other receivables* as at 31 December is:

Group	Total $'000	Past Due but Not Impaired $'000	Individually Impaired $'000	Neither Past Due Nor Impaired $'000
2013				
Within 1 month	**1,542**	**103**	**–**	**1,439**
1 month to 3 months	**349**	**349**	**–**	**–**
3 months to 12 months	**170**	**147**	**23**	**–**
More than 12 months	**228**	**152**	**76**	**–**
	2,289	**751**	**99**	**1,439**

Group	Total $'000	Past Due but Not Impaired $'000	Individually Impaired $'000	Neither Past Due Nor Impaired $'000
2012				
Within 1 month	4,206	122	–	4,084
1 month to 3 months	223	223	–	–
3 months to 12 months	147	76	71	–
More than 12 months	544	302	242	–
	5,120	723	313	4,084

* *Exclude prepayments and others and advances to contractors*

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

Group	2013 $'000	2012 $'000
At 1 January	**313**	257
Impairment loss recognised	**23**	61
Impairment loss written back	**–**	(5)
Impairment loss written off	**(237)**	–
At 31 December	**99**	313

Based on historical default rates, the Group believes that no impairment loss is necessary in respect of trade receivables past due up to 30 days. These receivables comprise customers that have a good credit history with the Group. For receivables aged greater than 1 month and are past due, amounts are deemed to be not impaired if fully covered by deposits held by the Group.

11 CASH AND CASH EQUIVALENTS

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Cash at banks and in hand	**22,135**	3,305	**20,077**	310
Fixed deposits	**–**	69,500	**–**	–
Cash and cash equivalents	**22,135**	72,805	**20,077**	310
Bank overdraft	**–**	(694)	**–**	–
Cash and cash equivalents in the consolidated cash flow statement	**22,135**	72,111	**20,077**	310

Included in the above is an amount held under the Housing Developers (Project Account) Rules of approximately $1,000 (2012: $71,619,000) the use of which is subject to restriction imposed by the said Rules.

The effective interest rate for the cash at banks and fixed deposits ranged from 0% to 0.3% (2012: 0% to 0.3%) per annum at balance sheet date. These interest rates reprice within six months of the balance sheet date. The effective interest rate for bank overdraft as at 31 December 2012 was approximately 5.8% per annum. Interest rate repriced on a daily basis.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013

12 SHARE CAPITAL

	Group and Company 2013 No. of Shares '000	Group and Company 2012 No. of Shares '000
Issued and Fully Paid Ordinary Shares		
At 1 January	**791,466**	659,555
Issue of bonus shares	**–**	131,911
At 31 December	**791,466**	791,466

On 18 April 2012, 131,910,923 fully paid ordinary shares were issued to existing shareholders as bonus shares, in the ratio of one bonus share for every five existing ordinary shares held.

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

13 RESERVES

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Capital and other reserves	**3,209**	2,371	**–**	–
Translation reserves	**(53,405)**	(58,987)	**–**	–
Retained profit	**1,426,895**	1,074,691	**42,131**	43,101
	1,376,699	1,018,075	**42,131**	43,101

Capital and other reserves comprise the Group's share of reserves of associates and other discretionary transfers from retained profit in prior years.

The translation reserves comprise exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company and the exchange differences on monetary items which form part of the Company's net investment in foreign subsidiaries.

The retained profit of the Group includes retained profit of approximately $77,682,000 (2012: $64,057,000) attributable to associates.

14 FINANCIAL LIABILITIES

		Group		Company	
	Note	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Non-current Liabilities					
Singapore dollar secured floating rate loans from financial institutions	b	**–**	463,000	**–**	–
Singapore dollar secured revolving loan from financial institutions	b	**–**	6,000	**–**	–
Singapore dollar secured revolving bank loan	c	**–**	120,500	**–**	–
Singapore dollar unsecured fixed rate notes issued by the Company	d	**220,000**	–	**220,000**	–
Hong Kong dollar secured revolving bank loan	e	**7,661**	5,040	**–**	–
Unamortised transaction cost		**(2,245)**	(2,308)	**(2,245)**	–
Loans and borrowings		**225,416**	592,232	**217,755**	–
Financial guarantees		**–**	–	**–**	542
		225,416	592,232	**217,755**	542

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Current Liabilities					
Bank overdraft		**–**	694	**–**	–
Singapore dollar secured floating rate loans from financial institutions	b	**463,000**	–	**–**	–
Singapore dollar secured revolving loan from financial institutions	b	**6,000**	–	**–**	–
Unamortised transaction cost		**(682)**	–	**–**	–
Loans and borrowings		**468,318**	694	**–**	–
Obligations under finance leases	f	**–**	11	**–**	–
Financial guarantees		**–**	–	**542**	1,026
		468,318	705	**542**	1,026

(a) All the loans and bank overdraft of the Group are secured by:

(i) mortgages on and assignment of rental income from investment properties with carrying values of approximately $1,703,105,000 as at 31 December 2013 (2012: $1,305,499,000);

(ii) mortgages on development properties with carrying values of approximately $394,445,000 as at 31 December 2013 (2012: $285,166,000) and assignment of the rights, titles and interest in the tenancy agreements, sale and purchase agreements, building contract, performance bonds and insurances from the development properties; and

(iii) guarantees by the Company (Note 16).

(b) These loans are repayable by July 2014.

(c) As at 31 December 2013, the outstanding amount was $Nil (2012: $120,500,000). As at balance sheet date, the credit facility for this loan which matures in September 2014 was refinanced by a new credit facility which matures in March 2018.

(d) The Company established a $300 million unsecured Multicurrency Medium Term Note Programme in December 2012. Notes outstanding as at 31 December 2013 comprise $100 million (2012: $Nil) 5-year unsecured fixed rate notes due on January 2018 and $120 million (2012: $Nil) 6-year unsecured fixed rate notes due on March 2019. The amount of $217,755,000 (2012: $Nil) as at the balance sheet date represented the notes stated at amortised cost. These fixed rate notes, which bear interest of 4.75% per annum payable semi-annually in arrears, are listed on the SGX-ST.

(e) The bank loan is earmarked to a subsidiary's credit facility which matures in September 2014 and will continue to be earmarked to the subsidiary's new credit facility which matures in March 2018.

(f) At 31 December, the Group has obligations under finance leases that are payable as follows:

Group	2013 Principal $'000	2013 Interest $'000	2013 Payments $'000	2012 Principal $'000	2012 Interest $'000	2012 Payments $'000
Repayable:						
Within 1 year	**–**	**–**	**–**	11	1	12

Interest on the above finance leases was charged at rates which ranged from approximately 4.5% to 5.2% per annum at 31 December 2012.

(g) **Interest Rates**
The effective interest rate for floating rate loans and revolving loans is approximately 1.2% to 1.7% (2012: 1.3% to 2.0%) per annum at balance sheet date. Floating interest rates reprice within six months of the balance sheet date. The effective interest rate for bank overdraft was approximately 5.8% per annum at 31 December 2012. Interest rate repriced on a daily basis.

15 DEFERRED TAX LIABILITY

Deferred tax liability is attributable to the following:

Group	At 1/1/2012 $'000	Recognised in Profit or Loss (Note 23) $'000	At 31/12/2012 $'000	Recognised in Profit or Loss (Note 23) $'000	At 31/12/2013 $'000
Profits recognised on percentage of completion	1,662	2,233	**3,895**	**3,133**	**7,028**

16 INTRA-GROUP FINANCIAL GUARANTEES

Intra-group financial guarantees comprise guarantees granted by the Company to financial institutions in respect of credit facilities amount to $703,750,000 (2012: $703,750,000). The periods in which the financial guarantees expire are as follows:

Company	2013 $'000	2012 $'000
Within 1 year	**518,750**	5,750
After 1 year but within 5 years	**185,000**	698,000
	703,750	703,750

17 TRADE AND OTHER PAYABLES

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Non-current				
Trade payables	**3,726**	1,453	**–**	–
Provision for post-employment benefits	**3,900**	–	**–**	–
	7,626	1,453	**–**	–
Current				
Trade payables	**9,932**	10,243	**–**	–
Accrued operating expenses	**3,038**	1,764	**4,113**	430
Accrued development expenditure	**8,535**	8,016	**–**	–
Provision for bonus	**11,384**	5,782	**–**	–
Provision for liquidated damages on development properties	**3,891**	–	**–**	–
Provision for post-employment benefits	**2,868**	–	**–**	–
Tenancy and other deposits	**12,454**	12,004	**–**	–
Unclaimed dividends	**292**	289	**292**	289
Other payables	**488**	591	**188**	348
	52,882	38,689	**4,593**	1,067

Trade payables include retention sum of approximately $9,020,000 (2012: $6,013,000) relating to properties under development.

As at 31 December 2013, the Group accrued for approximately $3,891,000 (2012: $Nil) of liquidated damages payable to the purchasers of the residential units. This arose from the delay in receipt of Temporary Occupation Permit ("TOP") from the estimated TOP date as set out in the sales and purchase agreement. Subsequent to balance sheet date, TOP was obtained on 3 March 2014.

Provision for post-employment benefits was in relation to employees' retirement benefits based on duration of the employees' services rendered and retirement benefits provided for a Director for his past services.

18 REVENUE

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Gross dividend income:				
Subsidiary	**–**	–	**4,800**	–
Quoted investments	**16**	11	**–**	–
Gross rental income	**36,730**	34,062	**–**	–
Maintenance fee	**7,912**	7,604	**–**	–
Car park income	**1,608**	1,512	**–**	–
Property management income	**1,049**	987	**–**	–
Sale of completed development properties	**–**	1,545	**–**	–
Sale of development properties under development	**179,936**	110,257	**–**	–
Gain on disposal of other investments	**350**	–	**–**	–
Interest income on late payments	**37**	54	**–**	–
	227,638	156,032	**4,800**	–

19 OTHER INCOME

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Forfeiture/Compensation income	**1,530**	55	**–**	–
Interest income	**100**	5	**75**	–
(Loss)/Gain on disposal of fixed assets, net	**(2)**	39	**–**	–
Loss on disposal of other assets	**(10)**	–	**–**	–
Others	**345**	285	**28**	6
	1,963	384	**103**	6

20 NET FINANCE (EXPENSE)/INCOME

		Group		Company	
	Note	2013	2012	2013	2012
		$'000	$'000	$'000	$'000
Financial guarantees amortised		**–**	–	**1,025**	2,833
Finance income		**–**	–	**1,025**	2,833
Interest expense:					
Loans and borrowings		**15,527**	9,048	**1,256**	–
Obligations under finance leases		**1**	5	**–**	–
Amortisation of transaction costs previously capitalised		**2,077**	2,151	**450**	–
		17,605	11,204	**1,706**	–
Interest expense capitalised in development properties	9	**(497)**	(526)	**–**	–
Finance expense		**17,108**	10,678	**1,706**	–
Net finance (expense)/ income recognised in profit or loss		**(17,108)**	(10,678)	**(681)**	2,833

21 PROFIT/(LOSS) BEFORE INCOME TAX

The following items have been included in arriving at profit/(loss) before income tax:

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Audit fees paid to:					
Auditors of the Company		**175**	185	**80**	80
Other auditors		**69**	26	**–**	–
Non-audit fees paid to:					
Auditors of the Company		**79**	101	**1**	42
Other auditors		**4**	6	**–**	–
Bad debts recovered		**(16)**	(25)	**–**	–
Direct operating expenses arising from investment properties:					
that generated rental income		**11,868**	12,084	**–**	–
that did not generate rental income		**236**	228	**–**	–
Directors' fees		**210**	130	**210**	130
Gain from change in interests in associates	5	**(8,896)**	–	**–**	–
Gain on remeasurement of other investments		**(421)**	(137)	**–**	–
Impairment loss on other assets		**16**	20	**–**	–
Impairment loss on trade and other receivables and bad debts written off, net		**23**	56	**–**	–
Impairment loss made/(written back) on receivables from associates		**–**	–	**64**	(100)
Operating lease expense		**81**	83	**–**	–
Rental income from investment properties		**(36,568)**	(33,870)	**–**	–
Staff costs	22	**27,160**	15,442	**–**	–

22 STAFF COSTS

Group	2013 $'000	2012 $'000
Salaries and wages	**22,902**	16,547
Contributions to defined contribution plans	**1,118**	792
Others	**7,147**	767
	31,167	18,106
Staff costs capitalised in properties under development	**(4,007)**	(2,664)
	27,160	15,442

23 INCOME TAX EXPENSE

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Income Tax Expense					
Current year		**1,356**	1,556	**–**	–
Underprovision in prior years		**1,107**	240	**–**	–
		2,463	1,796	**–**	–
Deferred Tax Expense					
Movements in temporary differences	15	**3,133**	2,233	**–**	–
		5,596	4,029	**–**	–

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Reconciliation of Effective Tax Rate					
Profit/(Loss) before income tax		**362,548**	81,506	**3,778**	(2,048)
Income tax using Singapore tax rate at 17% (2012: 17%)		**61,633**	13,856	**642**	(348)
Effect of different tax rates in other countries		**(55)**	218	**–**	–
Income not subject to tax		**(59,901)**	(9,089)	**(1,150)**	(500)
Expenses not deductible for tax purposes		**3,291**	748	**508**	848
Tax benefits not recognised		**127**	36	**–**	–
Tax incentives		**(313)**	–	**–**	–
Utilisation of previously unrecognised tax losses		**(291)**	(612)	**–**	–
Unabsorbed losses and wear and tear allowances disregarded		**309**	–	**–**	–
Effects of results of associates, net of tax		**(394)**	(1,371)	**–**	–
Underprovision in prior years		**1,107**	240	**–**	–
Others		**83**	3	**–**	–
		5,596	4,029	**–**	–

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

Group	2013 $'000	2012 $'000
Deductible temporary differences	**279**	220
Unutilised tax losses	**31,837**	32,385
	32,116	32,605

Deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the subsidiaries of the Group can utilise the benefits. However, the unutilised tax losses are available for offset against future taxable income subject to agreement with the relevant tax authorities.

24 DIVIDEND

A first and final 1-tier tax exempt dividend in respect of the previous financial year was paid by the Group and Company as follows:

	Group and Company 2013 $'000	Group and Company 2012 $'000
0.6 cents (2012: Nil cents) per ordinary share	**4,748**	–

Subsequent to the balance sheet date, a first and final 1-tier tax exempt dividend of 1.5 cents per share was proposed by the Directors in respect of the financial year ended 31 December 2013, amounting to approximately $11,872,000. The dividend which is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company has not been provided for as at 31 December 2013.

25 EARNINGS PER SHARE

The basic and diluted earnings per share of the Group are calculated based on the consolidated profit for the year of approximately $356,952,000 (2012: $77,477,000) and the weighted average number of ordinary shares outstanding of 791,465,621 (2012: 791,465,621).

26 FINANCIAL RISK MANAGEMENT

Financial Risk Management Objectives and Policies

The Group and the Company are exposed to credit risk, liquidity risk and market risk (including interest rate, foreign currency and price risks) arising from its diversified portfolio business. Risk management is integral to the whole business of the Group. The Group's risk management approach seeks to minimise the potential material adverse effects from these exposures.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Exposure to currency, interest rate and credit risks arises in the normal course of the Group's business. This section provides details of the Group's exposure to financial risk and describes the methods used by management to control such risk.

Credit Risk

Credit risk is the potential risk of financial loss resulting from failure of a customer or counter party in meeting its financial and contractual obligations to the Group, as and when they fall due.

The Group's primary exposure to credit risk arises mainly from its other investments, trade and other receivables and cash and cash equivalents. The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The credit policy also requires a security deposit from customers to secure tenancy commitments.

Investments and transactions involving derivative financial instruments are allowed only with counter parties that are of high credit quality.

Cash is placed with regulated financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following are the expected contractual maturities of financial liabilities, including interest payments which are computed using contractual rates or, if floating, based on rates at the balance sheet date and the earliest date the Group can be required to pay:

Group	Carrying Amount $'000	Contractual Cash Outflows $'000	---------------- Cash Outflows ---------------- Within 1 Year $'000	After 1 year but Within 5 Years $'000	After 5 Years $'000
2013					
Non-derivative Financial Liabilities					
Loans and borrowings*	**696,661**	**(749,287)**	**(482,601)**	**(145,437)**	**(121,249)**
Trade and other payables	**60,508**	**(60,508)**	**(45,802)**	**(13,006)**	**(1,700)**
	757,169	**(809,795)**	**(528,403)**	**(158,443)**	**(122,949)**
2012					
Non-derivative Financial Liabilities					
Loans and borrowings*	594,540	(608,290)	(8,679)	(599,611)	–
Obligations under finance leases	11	(12)	(12)	–	–
Bank overdraft	694	(694)	(694)	–	–
Trade and other payables	40,142	(40,142)	(31,093)	(9,049)	–
	635,387	(649,138)	(40,478)	(608,660)	–

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Company	Carrying Amount $'000	Contractual Cash Outflows $'000	---- Cash Outflows ---- Within 1 Year $'000	After 1 year but Within 5 Years $'000	After 5 Years $'000
2013					
Non-derivative Financial Liabilities					
Loans and borrowings*	**220,000**	**(269,049)**	**(10,450)**	**(137,350)**	**(121,249)**
Financial guarantees	**542**	**(542)**	**(542)**	**–**	**–**
Trade and other payables	**4,593**	**(4,593)**	**(4,593)**	**–**	**–**
	225,135	**(274,184)**	**(15,585)**	**(137,350)**	**(121,249)**
2012					
Non-derivative Financial Liabilities					
Financial guarantees	1,568	(1,568)	(1,026)	(542)	–
Trade and other payables	1,067	(1,067)	(1,067)	–	–
	2,635	(2,635)	(2,093)	(542)	–

* *Gross of unamortised transaction cost*

Market Risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest Rate Risk

The Group's exposure to changes in interest rates relates primarily to loans and borrowings. Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which interest income and expense could be impacted from an adverse movement in interest rates.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:

	Group Nominal Amount 2013 $'000	Group Nominal Amount 2012 $'000	Company Nominal Amount 2013 $'000	Company Nominal Amount 2012 $'000
Fixed Rate Instruments				
Loans and borrowings	**220,000**	–	**220,000**	–
Variable Rate Instruments				
Loans and borrowings	**476,661**	595,245	**–**	–

Fair value sensitivity analysis for fixed rate instruments

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

Sensitivity analysis for variable rate instruments

An increase/decrease of 100 basis points in interest rates on loans and borrowings, would decrease/increase the Group's profit before income tax for 2013 by approximately $4,114,000 (2012: $5,372,000). The analysis assumes that all other variables, in particular foreign currency rates, remain constant and that there is no change during the year in the amount of loans and borrowings as at balance sheet date. The analysis is performed on the same basis for 2012.

Foreign Currency Risk
The Group is not exposed to significant foreign currency risk on currencies other than the respective functional currencies of Group entities.

The Company is exposed to foreign currency risk on amounts due from subsidiaries (mainly non-trade) that are denominated in Hong Kong dollar. The exposure to foreign currency risk amounts to approximately $22,875,000 (2012: $22,160,000) at the balance sheet date.

Exposure to currency risk is monitored on an ongoing basis and the Group and the Company endeavour to keep the net exposure at an acceptable level.

Sensitivity analysis – foreign currency risk
A 10% strengthening/weakening of the Singapore dollar against the Hong Kong dollar at the balance sheet date would decrease/increase the Company's profit before income tax for 2013 by approximately $2,287,000 (2012: increase/decrease the Company's loss before income tax by approximately $2,216,000). This analysis assumes that all other variables, in particular interest rates, remain constant.

There is no direct impact on the Company's equity arising from the foreign currency change in Singapore dollar against the Hong Kong dollar.

Equity price risk
The Group has investments in quoted equity securities and is exposed to price risk. These securities are listed on the SGX-ST. The Group is not exposed to commodity price risk.

Sensitivity analysis – equity price risk
A 10% increase/decrease in the underlying equity prices on the quoted equity securities would increase/decrease the Group's profit before income tax by approximately $108,000 (2012: $29,000). There is no direct impact on the Group's equity.

Offsetting Financial Assets and Financial Liabilities
The disclosures set out in the table below include financial assets and financial liabilities that:
- are offset in the Group's and the Company's balance sheets; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the balance sheets.

Financial instruments such as trade receivables and trade payables are not disclosed in the table below unless they are offset in the balance sheet.

Group	**Gross Amount of Recognised Financial Assets/ (Liabilities) $'000**	**Gross Amount of Recognised Financial Assets/ (Liabilities) Offset in the Balance Sheet $'000**	**Net Amount of Financial Assets/ (Liabilities) Presented in the Balance Sheet $'000**	**Related Amount Not Offset in the Balance Sheet $'000**	**Net Amount $'000**
2013					
Types of Financial Liabilities					
Trade and other payables	**(3,215)**	**1,986**	**(1,229)**	**–**	**(1,229)**

No amount was offset at Group level in 2012, and no amounts were offset in both 2013 and 2012 at the Company level.

The table below reconciles the 'Net amounts of financial assets and financial liabilities presented in the balance sheet', as set out above, to the line item presented in the balance sheet.

Group	Note	Net Amount $'000	Line Item in Balance Sheet	Carrying Amount in Balance Sheet $'000	Financial Liabilities Not in Scope of Offsetting Disclosure $'000
2013					
Types of Financial Liabilities					
Trade and other payables	17	(1,229)	Trade and other payables (current)	(52,882)	(51,653)

27 FAIR VALUE OF ASSETS AND LIABILITIES

Valuation Processes Applied by the Group

Non-derivative Financial Assets and Liabilities

The Group has an established control framework with respect to the measurement of fair values. This framework includes the accounts and finance team that reports directly to the Executive Directors who will then have the overall responsibility for all significant fair value measurements.

Non-financial Assets

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation and valuation methodologies.

The results of the external valuations are reported to the Executive Directors.

Estimation of Fair Values

Non-derivative Financial Assets and Liabilities

The carrying amounts of financial assets and liabilities with a maturity or repricing of less than one year (including trade and other receivables, cash and cash equivalents, bank overdraft and trade and other payables) are assumed to approximate their fair values as they are short-term in nature or reprice on a short-term basis.

Fair values of loans and borrowings which are determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted using the market rate of interest at the reporting date.

The fair values of other instruments are determined in accordance with Note 2.6.

Non-financial Assets

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation company provides the fair value of the Group's investment property portfolio annually. The methods applied in valuation have been disclosed in Note 6.

Accounting Classification and Fair Values

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

Group	Note	Loans and Receivables $'000	Held for Trading $'000	Other Financial Liabilities Within the Scope of FRS 39 $'000	Other Financial Liabilities Outside the Scope of FRS 39 $'000	Total Carrying Amount $'000	Fair Value $'000
2013							
Other investments	7	**–**	**1,290**	**–**	**–**	**1,290**	**1,290**
Other assets	8	**351**	**–**	**–**	**–**	**351**	**351**
Trade and other receivables*	10	**2,190**	**–**	**–**	**–**	**2,190**	**2,190**
Cash and cash equivalents	11	**22,135**	**–**	**–**	**–**	**22,135**	**22,135**
		24,676	**1,290**	**–**	**–**	**25,966**	**25,966**
Loan and borrowings	14	**–**	**–**	**(693,734)**	**–**	**(693,734)**	**(692,778)**
Trade and other payables	17	**–**	**–**	**(56,608)**	**(3,900)**	**(60,508)**	**(60,508)**
		–	**–**	**(750,342)**	**(3,900)**	**(754,242)**	**(753,286)**
2012							
Other investments	7	–	448	–	–	448	448
Other assets	8	377	–	–	–	377	377
Trade and other receivables*	10	4,807	–	–	–	4,807	4,807
Cash and cash equivalents	11	72,805	–	–	–	72,805	72,805
		77,989	448	–	–	78,437	78,437
Bank overdraft	11	–	–	(694)	–	(694)	(694)
Loans and borrowings	14	–	–	(592,232)	–	(592,232)	(592,232)
Obligations under finance leases	14	–	–	–	(11)	(11)	(11)
Trade and other payables	17	–	–	(40,142)	–	(40,142)	(40,142)
		–	–	(633,068)	(11)	(633,079)	(633,079)

* *Exclude prepayments and others and advances to contractors*

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Company	Note	Loans and Receivables $'000	Other Financial Liabilities $'000	Total Carrying Amount $'000	Fair Value $'000
2013					
Cash and cash equivalents	11	**20,077**	**–**	**20,077**	**20,077**
Loans and borrowings	14	**–**	**(217,755)**	**(217,755)**	**(216,799)**
Financial guarantees	14	**–**	**(542)**	**(542)**	**(542)**
Trade and other payables	17	**–**	**(4,593)**	**(4,593)**	**(4,593)**
		–	**(222,890)**	**(222,890)**	**(221,934)**
2012					
Cash and cash equivalents	11	310	–	310	310
Financial guarantees	14	–	(1,568)	(1,568)	(1,568)
Trade and other payables	17	–	(1,067)	(1,067)	(1,067)
		–	(2,635)	(2,635)	(2,635)

Fair Value Hierarchy

The following table analyses financial instruments and recurring non-financial assets carried at fair value, by valuation method as at 31 December 2013 and 31 December 2012. The different levels have been defined as follows:

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

Financial Assets and Non-financial Assets Carried at Fair Value

Group	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
2013				
Financial Assets Measured at Fair Value				
Quoted equity securities, held for trading	**1,080**	**1,080**	*****	**–**
Unquoted equity securities, held for trading	**210**	**–**	**210**	**–**
Non-financial Assets Measured at Fair Value				
Investment properties	**1,713,125**	**–**	**18,225**	**1,694,900**
	1,714,415	**1,080**	**18,435**	**1,694,900**
2012				
Financial Assets Measured at Fair Value				
Quoted equity securities, held for trading	294	294	*	–
Unquoted equity securities, held for trading	154	–	154	–
Non-financial Assets Measured at Fair Value				
Investment properties	1,305,499	–	11,169	1,294,330
	1,305,947	294	11,323	1,294,330

* *Amount less than $1,000*

In 2012, quoted equity securities, held for trading, with a carrying amount of $67 were transferred from Level 1 to Level 2 because quoted prices in the active market for these equity securities were no longer available. There was no such transfer in 2013. In order to determine the fair value of these investments, management relied on directly observable market inputs.

Financial Assets and/or Financial Liabilities Not Carried at Fair Value but for which Fair Values are Disclosed*

Group	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
2013				
Financial Liabilities Not Measured at Fair Value				
Loans and borrowings	**(224,460)**	**–**	**(224,460)**	**–**
Trade and other payables	**(7,626)**	**–**	**(7,626)**	**–**
	(232,086)	**–**	**(232,086)**	**–**
2012				
Financial Liabilities Not Measured at Fair Value				
Loans and borrowings	(594,450)	–	(594,450)	–
Trade and other payables	(1,453)	–	(1,453)	–
	(595,903)	–	(595,903)	–
Company				
2013				
Financial Liabilities Not Measured at Fair Value				
Loans and borrowings	**(216,799)**	**–**	**(216,799)**	**–**
2012				
Financial Liabilities Not Measured at Fair Value				
Financial guarantees	(542)	–	(542)	–

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

Level 3 Fair Values

The following table shows a reconciliation of the Group's investment properties from the beginning balance to the ending balance for fair value measurements in Level 3 of the fair value hierarchy:

	$'000
At 1 January 2013	**1,294,330**
Acquisition	**16,491**
Additions	**66,239**
Total unrealised gains and losses recognised in profit or loss:	
Gain on revaluation of investment properties	**317,840**
At 31 December 2013	**1,694,900**

The following table shows the key unobservable inputs used in the valuation models. The various valuation methods were considered jointly in the determination of the fair value of the respective investment properties.

Investment Properties	Key Unobservable Inputs	Inter-relationship between Key Unobservable Inputs and Fair Value Measurement
Leasehold properties		
Investment method	• Price per square feet ("psf"): $1,900 • Vacancy allowance: 3.00% • Capitalisation rate: 3.25%	The estimated fair value increases, the higher are prices per square feet, the lower are the vacancy allowance and capitalisation rate.
Sales comparison method	• Price psf: $1,900	The estimated fair value increases, the higher are prices per square feet.
Freehold properties		
Investment method	• Prices psf: $1,900 to $6,600 • Vacancy allowance: 5.00% • Capitalisation rate: 3.80%	The estimated fair value increases, the higher are prices per square feet, the lower are the vacancy allowance and capitalisation rate.
Sales comparison method	• Prices psf: $2,000 to $6,500	The estimated fair value increases, the higher are prices per square feet.
Residual land value method	**Proposed hotel development and commercial development** • Gross development value: $650 million • Estimated total cost of development: $95 million	The estimated fair value increases, the higher is gross development value and lower is estimated total cost of development.

28 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Group's business. The Board defines capital as total equity, excluding non-controlling interest. The Board manages the capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Board may adjust the dividend payment to shareholders or issue new shares or other financial instruments.

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

	2013 $'000	2012 $'000
Gross borrowings	**696,661**	595,245
Cash and cash equivalents	**(22,135)**	(72,805)
Net debt	**674,526**	522,440
Total equity	**1,563,387**	1,204,763
Net debt to equity ratio	**0.43**	0.43

The Company seeks shareholders' approval annually to renew its share purchase mandate which authorises the Directors of the Company to make purchases of the Company's shares on the market subject to terms and conditions stated in the share purchase mandate. There were no changes in the Group's approach to capital management during the financial year. The Company and its subsidiaries are not subject to externally imposed capital requirement.

29 RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	2013 $'000	2012 $'000
Group		
Contract services provided to key management personnel	**86**	62
General and administrative expenses charged to an associate	**16**	14
Liquidated damages payable to related parties	**322**	–
Company		
Interest expense allocated to subsidiaries	**7,645**	–

Employee benefits, excluding Directors' fees (as disclosed in Note 21), paid or payable to key management personnel during the year are as follows:

	2013 $'000	2012 $'000
Group		
Salary and wages	**16,415**	11,365
Post-employment benefits	**4,655**	328
Contributions to defined contribution plans	**110**	105
Others	**342**	441
	21,522	12,239

In 2013, in addition to the related party information disclosed elsewhere in the financial statements,

(i) a subsidiary of the Company paid a consideration of $16,000,000 (2012: $Nil) to acquire certain investment properties from an associate of the Executive Directors;

(ii) a spouse of a Non-Executive Director subscribed to fixed rate notes issued by the Company, amounting to $250,000 (2012: $Nil); and

(iii) progress instalments of approximately $2,034,000 (2012: $6,441,000) were received for all units of Concourse Skyline sold to related parties in previous years.

30 SEGMENT REPORTING

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

The following summary describes the operations in each of the Group's reportable segments:
- Property investment – includes investments in investment properties
- Property development and construction – develops retail and residential units and sells residential units
- Property management – provides maintenance and management services

Other operations include investment holding and dormant companies. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2013 or 2012.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/(loss) before tax, as included in the internal management reports that are reviewed by the Company's Board of Directors. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information About Reportable Segments
Business Segments

Group	Property Investment $'000	Property Development and Construction $'000	Property Management $'000	Other Operations $'000	Total $'000
2013					
External revenue	**46,124**	**180,099**	**1,049**	**366**	**227,638**
Inter-segment revenue	**183**	**90,083**	**269**	**4,800**	**95,335**
Interest revenue	**37**	**–**	**–**	**–**	**37**
Finance expense	**(14,153)**	**(1,148)**	**–**	**(1,807)**	**(17,108)**
Reportable segment profit/(loss) before income tax	**327,025**	**26,000**	**185**	**(1,946)**	**351,264**
Share of results of associates, net of tax					**2,388**
Other material non-cash items:					
Depreciation and amortisation	**(1,332)**	**(516)**	**(7)**	**(450)**	**(2,305)**
Gain from change in interests in associates					**8,896**
Gain on revaluation of investment properties	**323,618**	**–**	**–**	**–**	**323,618**
Allowances and impairment loss, net of reversals	**(39)**	**–**	**–**	**421**	**382**
Reportable segment assets	**1,718,285**	**401,265**	**410**	**22,382**	**2,142,342**
Associates					**184,524**
Additions to:					
Investment properties	**84,008**	**–**	**–**	**–**	**84,008**
Fixed assets	**204**	**40**	**29**	**–**	**273**
Reportable segment liabilities	**636,360**	**81,604**	**417**	**35,861**	**754,242**
2012					
External revenue	43,039	111,995	987	11	156,032
Inter-segment revenue	160	59,217	265	–	59,642
Interest revenue	54	*	–	–	54
Finance expense	(9,026)	(1,560)	–	(92)	(10,678)
Reportable segment profit/(loss) before income tax	56,609	17,260	117	(787)	73,199
Share of results of associates, net of tax					8,307
Other material non-cash items:					
Depreciation and amortisation	(1,117)	(1,262)	(1)	–	(2,380)
Gain on revaluation of investment properties	45,228	–	–	–	45,228
Allowances and impairment loss, net of reversals	(76)	–	–	137	61
Reportable segment assets	1,307,548	370,052	115	1,079	1,678,794
Associates					165,164
Additions to:					
Investment properties	2,611	–	–	–	2,611
Fixed assets	54	179	3	–	236
Reportable segment liabilities	561,055	65,542	133	6,349	633,079

* *Amount less than $1,000*

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

Group	2013 $'000	2012 $'000
Revenue		
Total revenue for reportable segments	**317,807**	215,663
Revenue for other operations	**5,166**	11
Elimination of inter-segment revenue	**(95,335)**	(59,642)
	227,638	156,032
Profit or Loss		
Total profit for reportable segments	**353,210**	73,986
Loss for other operations	**(1,946)**	(787)
Elimination of inter-segment profit	**–**	–
	351,264	73,199
Other unallocated profit or loss items:		
Gain from change in interests in associates	**8,896**	–
Share of results of associates, net of tax	**2,388**	8,307
	362,548	81,506
Assets		
Total assets for reportable segments	**2,119,960**	1,677,715
Assets for other operations	**22,382**	1,079
Associates	**184,524**	165,164
	2,326,866	1,843,958
Liabilities		
Total liabilities for reportable segments	**718,381**	626,730
Liabilities for other operations	**35,861**	6,349
Deferred tax liability	**7,028**	3,895
Tax payable	**2,209**	2,221
	763,479	639,195

Other Material Items

Group	Reportable Segments $'000	Other Operations $'000	Total $'000
2013			
Interest revenue	**37**	**–**	**37**
Finance expense	**(15,301)**	**(1,807)**	**(17,108)**
Depreciation and amortisation	**(1,855)**	**(450)**	**(2,305)**
Gain on revaluation of investment properties	**323,618**	**–**	**323,618**
Allowances and impairment loss, net of reversals	**(39)**	**421**	**382**
Additions to:			
Investment properties	**84,008**	**–**	**84,008**
Fixed assets	**273**	**–**	**273**
2012			
Interest revenue	54	–	54
Finance expense	(10,586)	(92)	(10,678)
Depreciation and amortisation	(2,380)	–	(2,380)
Gain on revaluation of investment properties	45,228	–	45,228
Allowances and impairment loss, net of reversals	(76)	137	61
Additions to:			
Investment properties	2,611	–	2,611
Fixed assets	236	–	236

Geographical Segments
In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on geographical location of the assets.

Group	Singapore $'000	Hong Kong $'000	Total $'000
2013			
External revenue	**227,638**	**–**	**227,638**
Non-current assets^	**1,713,728**	**184,568**	**1,898,296**
2012			
External revenue	156,032	–	156,032
Non-current assets^	1,306,086	165,207	1,471,293

^ *Non-current assets consist of fixed assets, associates, investment properties and other assets.*

31 COMMITMENTS
As at 31 December 2013, the Group's commitments in respect of development and construction and capital expenditure contracted but not provided for in the financial statements amounted to approximately $30,244,000 (2012: $99,879,000).

The Group leases out its investment and development properties. Non-cancellable operating lease rentals receivable as at 31 December are as follows:

Group	2013 $'000	2012 $'000
Within 1 year	**39,895**	39,617
After 1 year but within 5 years	**23,071**	38,855
	62,966	78,472

32 SUBSEQUENT EVENTS
Subsequent to balance sheet date, the following events took place:
- The Group obtained Temporary Occupation Permit for its development properties being the Concourse Skyline on 3 March 2014.

- In March 2014, the Company's wholly owned subsidiary Hong Fok Enterprises Limited acquired an aggregate of 6,380,000 ordinary shares of Hong Fok Land International Limited ("HFLIL") at a consideration of HK$3,399,264 (approximately S$554,000). Following the acquisition, the Company's aggregate interest (held through its wholly owned subsidiaries) in the shares of HFLIL increased from 41.57% to 42.00%.

33 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED
A number of new standards, amendments to standards and interpretations that are not yet effective for the year ended 31 December 2013 have not been applied in preparing these financial statements. Those new standards, amendments to standards and interpretations are set out below:

Applicable for the Group's 2014 Financial Statements
- Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, which clarifies the existing criteria for net presentation on the face of the statement of financial position.

  Under the amendments, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

  The Group does not expect any significant financial impact on its financial position from the adoption of amendment to FRS 32.

- FRS 110 *Consolidated Financial Statements*, which changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power with the investee. FRS 110 introduces a single control model with a series of indicators to assess control. FRS 110 also adds additional context, explanation and application guidance based on the principle of control.

  The Group has re-evaluated its involvement with investees under the new control model. Based on its assessment as at 31 December 2013, the Group has control over two associated companies by virtue of the aggregate economic interests derived from these entities.

  This standard will be applied retrospectively and prior periods in the Group's 2014 financial statements will be restated. The estimated effect of the application of FRS 110 is a decrease in equity attributable to owners of the Company of approximately $95 million, an increase in non-controlling interests of approximately $258 million and a decrease in profit or loss for 2013 of approximately $13 million.

- FRS 112 *Disclosure of Interests in Other Entities*, which sets out the disclosures required to be made in respect of all forms of an entity's interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The adoption of this standard would result in more extensive disclosures being made in the Group's financial statements in respect of its interests in other entities.

  As FRS 112 is primarily a disclosure standard, there will be no financial impact on the results and financial position of the Group and the Company upon adoption of this standard by the Group in 2014.

ANNOUNCEMENT OF UNAUDITED FIRST QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 MARCH 2014

The information set forth in this Appendix V has been reproduced from the announcement of Hong Fok Corporation Limited dated 15 May 2014 and has not been specifically prepared for inclusion in this Information Memorandum.

HONG FOK CORPORATION LIMITED
(Co. Reg. No. 196700468N)

First Quarter Financial Statement Announcement for the Period Ended 31 March 2014

PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) A statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

First quarter financial statement on consolidated results for the period ended 31 March 2014.
These figures have not been audited.

	The Group		
	$'000		%
	1st Quarter 2014	1st Quarter 2013 (Restated)	Increase/ (Decrease)
Revenue (Note 1)	53,389	59,180	(10)
Other income (Note 2)	350	146	140
	53,739	59,326	(9)
Cost of sales of development properties	(30,329)	(34,968)	(13)
Depreciation of fixed assets	(59)	(87)	(32)
(Loss)/gain on remeasurement of other investments	(150)	100	NM
Impairment loss on trade and other receivables and bad debts written off, net	(6)	-	NM
Impairment loss on other assets	(35)	-	NM
Other expenses	(9,263)	(9,467)	(2)
	13,897	14,904	(7)
Finance expense	(4,727)	(3,600)	31
Profit before income tax (Note 3)	9,170	11,304	(19)
Income tax expense	(1,548)	(1,491)	4
Profit for the period	7,622	9,813	(22)
Profit attributable to:			
Owners of the Company	7,869	10,132	(22)
Non-controlling interests	(247)	(319)	(23)
Profit for the period	7,622	9,813	(22)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign subsidiaries	(1,485)	4,810	NM
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	(132)	392	NM
Net change in capital and other reserves	(3)	(554)	(99)
Other comprehensive income for the period, net of income tax	(1,620)	4,648	NM
Total comprehensive income for the period	6,002	14,461	(58)
Total comprehensive income attributable to:			
Owners of the Company	7,520	11,203	(33)
Non-controlling interests	(1,518)	3,258	NM
Total comprehensive income for the period	6,002	14,461	(58)

Notes:
(1) Included in Revenue is investment income of approximately $4,000 (2013 : $3,000).
(2) Included in Other income is net gain on disposal of fixed assets of approximately $40,000 (2013 : net loss of $1,000).
(3) Included in Profit before income tax is net profit on sale of development properties of approximately $9,015,000 (2013 : $10,685,000).
(4) NM – Not Meaningful.
(5) NA – Not Applicable.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group		The Company	
	$'000		$'000	
	31.03.2014	31.12.2013 (Restated)	31.03.2014	31.12.2013
Non-current Assets				
Fixed assets	1,021	624	-	-
Subsidiaries	-	-	393,459	431,625
Investment properties	2,112,863	2,096,825	-	-
Other assets	692	750	-	-
	2,114,576	2,098,199	393,459	431,625
Current Assets				
Other investments	1,251	1,402	-	-
Development properties	293,468	443,093	-	-
Trade and other receivables	68,868	19,122	31	7
Cash and cash equivalents	178,686	37,615	54,439	20,077
	542,273	501,232	54,470	20,084
Total Assets	2,656,849	2,599,431	447,929	451,709
Equity Attributable to Owners of the Company				
Share capital	186,688	186,688	186,688	186,688
Reserves	1,290,765	1,282,087	41,022	42,131
	1,477,453	1,468,775	227,710	228,819
Non-controlling interests	254,955	258,185	-	-
Total Equity	1,732,408	1,726,960	227,710	228,819
Non-current Liabilities				
Trade and other payables	6,661	7,626	-	-
Loans and borrowings	380,484	327,144	217,882	217,755
Deferred tax liability	-	7,028	-	-
	387,145	341,798	217,882	217,755
Current Liabilities				
Trade and other payables	53,277	58,922	2,054	4,593
Loans and borrowings	473,361	469,575	-	-
Financial guarantees	-	-	283	542
Tax payable	10,658	2,176	-	-
	537,296	530,673	2,337	5,135
Total Liabilities	924,441	872,471	220,219	222,890
Total Equity and Liabilities	2,656,849	2,599,431	447,929	451,709

1(b)(ii) Aggregate amount of the group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31.03.2014		As at 31.12.2013 (Restated)	
Secured	Unsecured	Secured	Unsecured
$473,361,000	-	$469,575,000	-

Amount repayable after one year

As at 31.03.2014		As at 31.12.2013 (Restated)	
Secured	Unsecured	Secured	Unsecured
$162,602,000	$217,882,000	$109,389,000	$217,755,000

Details of any collaterals

The Group will refinance the secured loans due in the third quarter of 2014 and legal documentation of the credit facility is in progress.

The borrowings by the subsidiaries are generally secured by the Group's investment properties and certain development properties and are guaranteed by the Company and/or its subsidiaries.

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	The Group	
	$'000	
	1st Quarter 2014	1st Quarter 2013 (Restated)
Operating Activities		
Profit before income tax	9,170	11,304
Adjustments for:		
Amortisation of transaction cost of loans and borrowings	441	379
Depreciation of fixed assets	59	87
Loss/(Gain) on remeasurement of other investments	150	(100)
(Gain)/Loss on disposal of fixed assets, net	(40)	1
Loss on disposal of other assets	8	-
Impairment loss on trade and other receivables and bad debts written off, net	6	-
Impairment loss on other assets	35	-
Interest income	(45)	(35)
Interest expense	4,286	3,221
	14,070	14,857
Changes in working capital:		
Development properties	88,607	(15,096)
Trade and other receivables	(1,990)	2,557
Trade and other payables	(5,701)	(1,954)
Net Cash generated from operations	94,986	364
Income tax paid	(93)	(84)
Interest income received	59	32
Net Cash from Operating Activities	94,952	312
Investing Activities		
Capital expenditure on investment properties	(5,212)	(403)
Payment of development charge	-	(63,492)
Purchase of fixed assets	(513)	(167)
Purchase of other investments	-	(1,046)
Proceeds from disposal of fixed assets	95	-
Proceeds from disposal of other assets	13	-
Net Cash used in Investing Activities	(5,617)	(65,108)
Financing Activities		
Interest expense paid	(7,012)	(2,459)
Payment of finance lease rentals	-	(10)
Payment of transaction costs on loans and borrowings	-	(2,695)
Payment of acquisition of ownership interests in subsidiaries with no change in control	(554)	-
Repayment of loans and borrowings	(4,775)	(110,530)
Proceeds from loans and borrowings	64,157	222,456
Net Cash from Financing Activities	51,816	106,762
Net Increase in Cash and Cash Equivalents	141,151	41,966
Cash and cash equivalents at 1 January	37,615	90,862
Effect of exchange rate fluctuations	(80)	277
Cash and Cash Equivalents at 31 March	178,686	133,105
Cash and Cash Equivalents at 31 March is represented by:		
Cash at banks and in hand	178,686	67,205
Fixed deposits	-	65,900
Bank overdraft	-	-
	178,686	133,105

Included in cash and cash equivalents as at 31 March 2014 is an amount held under the Housing Developers (Project Account) Rules of approximately $110,187,000 (2013 : $67,014,000) the use of which is subject to restriction imposed by the said Rules.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	$'000							
	Attributable to Owners of the Company							
	Share Capital	Capital and Other Reserves	Treasury Shares	Translation Reserves	Retained Profit	Total	Non-Controlling Interests	Total Equity
The Group								
At 1 January 2013, as previously reported	186,688	2,371	-	(58,987)	1,074,691	1,204,763	-	1,204,763
Effect of adopting FRS 110	-	554	(101,050)	14,639	(10,335)	(96,192)	266,844	170,652
At 1 January 2013, as restated	186,688	2,925	(101,050)	(44,348)	1,064,356	1,108,571	266,844	1,375,415
Total comprehensive income for the period								
Profit for the period, restated	-	-	-	-	10,132	10,132	(319)	9,813
Other comprehensive income								
Exchange differences on translation of financial statements of foreign subsidiaries	-	-	-	1,233	-	1,233	3,577	4,810
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	-	392	-	392	-	392
Net change in capital and other reserves	-	(554)	-	-	-	(554)	-	(554)
Total other comprehensive income	-	(554)	-	1,625	-	1,071	3,577	4,648
Total comprehensive income for the period, restated	-	(554)	-	1,625	10,132	11,203	3,258	14,461
At 31 March 2013, as restated	186,688	2,371	(101,050)	(42,723)	1,074,488	1,119,774	270,102	1,389,876
At 1 January 2014, as previously reported	186,688	3,209	-	(53,405)	1,426,895	1,563,387	-	1,563,387
Effect of adopting FRS 110	-	5	(101,050)	12,768	(6,335)	(94,612)	258,185	163,573
At 1 January 2014, as restated	186,688	3,214	(101,050)	(40,637)	1,420,560	1,468,775	258,185	1,726,960
Total comprehensive income for the period								
Profit for the period	-	-	-	-	7,869	7,869	(247)	7,622
Other comprehensive income								
Exchange differences on translation of financial statements of foreign subsidiaries	-	-	-	(214)	-	(214)	(1,271)	(1,485)
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	-	(132)	-	(132)	-	(132)
Net change in capital and other reserves	-	(3)	-	-	-	(3)	-	(3)
Total other comprehensive income	-	(3)	-	(346)	-	(349)	(1,271)	(1,620)
Total comprehensive income for the period	-	(3)	-	(346)	7,869	7,520	(1,518)	6,002
Transactions with owners, recorded directly in equity								
Changes in ownership interests in subsidiaries								
Acquisition of additional interest in a subsidiary	-	-	-	-	1,158	1,158	(1,712)	(554)
At 31 March 2014	186,688	3,211	(101,050)	(40,983)	1,429,587	1,477,453	254,955	1,732,408
The Company								
At 1 January 2013	186,688	-		-	43,101	229,789	-	229,789
Profit for the period - Total comprehensive income for the period	-	-		-	53	53	-	53
At 31 March 2013	186,688	-		-	43,154	229,842	-	229,842
At 1 January 2014	186,688	-		-	42,131	228,819	-	228,819
Loss for the period - Total comprehensive income for the period	-	-		-	(1,109)	(1,109)	-	(1,109)
At 31 March 2014	186,688	-		-	41,022	227,710	-	227,710

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Nil.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	The Company	
	31.03.2014	31.12.2013
Total number of issued shares excluding treasury shares	791,465,621	791,465,621

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

NA.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

NA.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting year compared with the Group's and the Company's audited financial statements for the year ended 31 December 2013.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted various new/revised Financial Reporting Standards (FRS) which became effective for the Group's financial year beginning on 1 January 2014. These FRS, amendments to FRS and interpretations are set out below:

Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, which clarifies the existing criteria for net presentation on the face of the statement of financial position.

Under the amendments, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The Group does not expect any significant financial impact on its financial position from the adoption of amendment to FRS 32.

FRS 110 *Consolidated Financial Statements,* which changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power with the investee. FRS 110 introduces a single control model with a series of indicators to assess control. FRS 110 also adds additional context, explanation and application guidance based on the principle of control.

The Group has re-evaluated its involvement with investees under the new control model. Based on its assessment, the Group is required under FRS 110 to consolidate Winfoong International Limited and its subsidiaries as well as Hong Fok Land International Limited and its subsidiaries.

In accordance with FRS 110, this change in accounting policy was applied retrospectively. According, the effects of the Group's financial statements arising from the adoption of FRS 110 are as follows:

	Group $'000	
	2014	2013
	Increase/ (Decrease)	Increase/ (Decrease)
<u>Balance sheet as at 1 January</u>		
Capital and other reserves	5	554
Treasury shares	(101,050)	(101,050)
Translation reserves	12,768	14,639
Retained profit	(6,335)	(10,335)
Non-controlling interests	258,185	266,844
Total Equity	163,573	170,652
<u>Balance sheet as at 31 December</u>		
Non-current Assets		
Fixed assets	-	328
Associates	-	(184,524)
Investment properties	-	383,700
Other assets	-	399
Current Assets		
Other investments	-	112
Development properties	-	42,756
Trade and other receivables	-	14,314
Cash and cash equivalents	-	15,480
Total Assets	-	272,565
Non-current Liabilities		
Loans and borrowings	-	101,728
Current Liabilities		
Trade and other payables	-	6,040
Loans and borrowings	-	1,257
Tax payable	-	(33)
Total Liabilities	-	108,992
Net Assets	-	163,573
<u>Income statement for the period ended 31 March</u>		
Revenue	-	1,923
Other income	-	25
Depreciation of fixed assets	-	32
Gain on remeasurement of other investments	-	(11)
Other expenses	-	2,221
Finance expenses	-	262
Share of results of associates, net of tax	-	350
Income tax expense	-	92
Non-controlling interests	-	319
Profit attributable to owners of the Company	-	(1)
Increase in basic earnings per share (cents)	-	0.33
Increase in diluted earnings per share (cents)	-	0.33

FRS 112 *Disclosure of Interests in Other Entities*, which sets out the disclosures required to be made in respect of all forms of an entity's interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The adoption of this standard would result in more extensive disclosures being made in the Group's financial statements in respect of its interests in other entities.

As FRS 112 is primarily a disclosure standard, there will be no financial impact on the results and financial position of the Group and the Company upon adoption of this standard.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	The Group	
	1st Quarter 2014	1st Quarter 2013 (Restated)
Earnings per ordinary share of the Group after deducting any provision for preference dividends:		
(a) Based on the weighted average number of ordinary shares on issue; and	1.25 cts	1.61 cts
(b) On a fully diluted basis (detailing any adjustments made to the earnings)	1.25 cts	1.61 cts

The basic and diluted earnings per ordinary share of the Group were calculated based on the consolidated profit for the period of approximately $7,869,000 (2013 : $10,132,000) and the weighted average number of ordinary shares outstanding of 630,020,501 (2013 : 630,020,501) which excludes ordinary shares held by an investee.

There are no potential dilutive ordinary shares in existence as at 31 March 2014 and 31 March 2013.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

(a) current financial period reported on; and
(b) immediately preceding financial year.

	The Group		The Company	
	31.03.2014	31.12.2013 (Restated)	31.03.2014	31.12.2013
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares and excluding ordinary shares held by an investee	235 cts	233 cts	29 cts	29 cts

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The Group's revenue for the current period decreased by approximately $5.8 million as compared to the previous period. This was due mainly to lower revenue recognised from the residential units of Concourse Skyline as the balance percentage recognised is lower than the percentage recognised during the first quarter of 2013.

The Group's other income increased due mainly to a gain on disposal of motor vehicle, higher interest income received and more credit received from certain government schemes, as compared to the first quarter of 2013.

With a lower recognition of sales revenue from the residential units of Concourse Skyline, the Group recorded a lower cost of sales of development properties.

The loss on remeasurement of other investments was due to the recorded bid price being lower compared to 31 December 2013.

The increase in finance expense was due to the increase in loans and borrowings.

The Group's profit for the period, therefore decreased by approximately $2.2 million as compared to the previous period.

The increase in fixed assets was due mainly to the purchase of motor vehicles in the first quarter of 2014.

The increase in investment properties was due to the inclusion of eight residential units previously bought by its then associate (now a subsidiary under FRS 110), for which Temporary Occupation Permit (TOP) was obtained in the first quarter of 2014.

The Group recorded a decrease in the other investments due to the recorded bid price being lower in the current period than that as at 31 December 2013.

The decrease in development properties was due mainly to the receipt of TOP for Concourse Skyline in March 2014.

The increase in trade and other receivables was due mainly to the recognition of the remaining 15% of sales consideration as accrued receivables upon receipt of TOP for Concourse Skyline. This increase was partially offset by the reclassification of progress payments made for the acquisition of 8 residential units to investment properties upon receipt of its TOP in the first quarter of 2014.

The increase in cash and cash equivalents was due mainly from collection of progress payments upon receipt of TOP from Concourse Skyline and the monies drawdown from the development charge loan facility within its availability period that ended in March 2014.

Arising from the said drawdown of the development charge loan facility, there was an increase in loans and borrowings under non-current liabilities.

The increase in tax payable was mainly due to the TOP for Concourse Skyline. This also explained for the absence of deferred tax liability in the first quarter of 2014.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

NA.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group expects rental revenue from the office and residential units to remain stable.

The Group obtained Temporary Occupation Permit for Concourse Skyline on 3 March 2014 and has commenced to lease its retail and residential units.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

None.

(b)(i) Amount per share ………. cents

NA.

(ii) Previous corresponding period ……… cents

NA.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

NA.

(d) The date the dividend is payable.

NA.

(e) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

NA.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared/recommended for the first quarter ended 31 March 2014.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have a general mandate from shareholders for interested person transactions.

BY ORDER OF THE BOARD

Koh Chay Tiang
Dorothy Ho
Company Secretaries
15 May 2014

HONG FOK CORPORATION LIMITED

CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

The Directors of Hong Fok Corporation Limited ("the Company") confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the First Quarter Financial Statement on the unaudited results of the Company and of the Group for the period ended 31 March 2014 to be false or misleading in any material respect.

On behalf of the Board of Directors

Cheong Sim Eng

Cheong Hooi Kheng

Singapore
15 May 2014

300 Beach Road #41-00, The Concourse, Singapore 199555. Tel: 62928181 Fax: 62938689
(Co. Reg. No. 196700468N)

ANNOUNCEMENT OF UNAUDITED SECOND QUARTER FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE 2014

The information set forth in this Appendix VI has been reproduced from the announcement of Hong Fok Corporation Limited dated 14 August 2014 and has not been specifically prepared for inclusion in this Information Memorandum.

HONG FOK CORPORATION LIMITED
(Co. Reg. No. 196700468N)

Second Quarter Financial Statement Announcement for the Period Ended 30 June 2014

PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) A statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Second quarter financial statement on consolidated results for the period ended 30 June 2014.
These figures have not been audited.

	The Group		
	$'000		%
	2nd Quarter 2014	2nd Quarter 2013 (Restated)	Increase/ (Decrease)
Revenue (Note 1)	13,964	72,937	(81)
Other income (Note 2)	48	123	(61)
	14,012	73,060	(81)
Cost of sales of development properties	-	(43,588)	NM
Depreciation of fixed assets	(82)	(116)	(29)
Exchange gain/(loss), net	5	(7)	NM
Gain on disposal of subsidiary, net (Note 3)	27,517	-	NM
Gain on remeasurement of other investments	167	38	339
Impairment loss written back/(made) on other assets	17	(16)	NM
Other expenses	(9,785)	(9,131)	7
	31,851	20,240	57
Finance expense	(5,155)	(4,714)	9
Profit before income tax (Note 4)	26,696	15,526	72
Income tax expense	(791)	(2,781)	(72)
Profit for the period	25,905	12,745	103
Profit attributable to:			
Owners of the Company	8,756	12,566	(30)
Non-controlling interests	17,149	179	9,480
Profit for the period	25,905	12,745	103
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign subsidiaries	(3,190)	7,051	NM
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	(306)	636	NM
Net change in capital and other reserves	308	-	NM
Other comprehensive income for the period, net of income tax	(3,188)	7,687	NM
Total comprehensive income for the period	22,717	20,432	11
Total comprehensive income attributable to:			
Owners of the Company	7,920	13,836	(43)
Non-controlling interests	14,797	6,596	124
Total comprehensive income for the period	22,717	20,432	11

Notes:
(1) Included in Revenue is investment income of approximately $5,000 (2013 : $5,000).
(2) Included in Other income is net loss on disposal of fixed assets of approximately $Nil (2013 : $3,000).
(3) Included in Gain on disposal of subsidiary is transaction costs of approximately $4,573,000.
(4) Included in Profit before income tax is net profit on sale of development properties of approximately $Nil (2013 : $15,888,000).
(5) NM – Not Meaningful.
(6) NA – Not Applicable.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group		The Company	
	$'000		$'000	
	30.06.2014	31.12.2013 (Restated)	30.06.2014	31.12.2013
Non-current Assets				
Fixed assets	1,562	624	-	-
Subsidiaries	-	-	416,393	431,625
Investment properties	2,112,661	2,096,825	-	-
Other assets	603	750	-	-
	2,114,826	2,098,199	416,393	431,625
Current Assets				
Other investments	1,417	1,402	-	-
Development properties	290,912	443,093	-	-
Trade and other receivables	68,064	19,122	39	7
Cash and cash equivalents	113,257	37,615	32,919	20,077
	473,650	501,232	32,958	20,084
Total Assets	2,588,476	2,599,431	449,351	451,709
Equity Attributable to Owners of the Company				
Share capital	186,688	186,688	186,688	186,688
Reserves	1,289,235	1,282,087	40,058	42,131
	1,475,923	1,468,775	226,746	228,819
Non-controlling interests	269,752	258,185	-	-
Total Equity	1,745,675	1,726,960	226,746	228,819
Non-current Liabilities				
Trade and other payables	6,666	7,626	-	-
Loans and borrowings	771,259	327,144	218,009	217,755
Deferred tax liability	-	7,028	-	-
	777,925	341,798	218,009	217,755
Current Liabilities				
Trade and other payables	49,774	58,922	4,573	4,593
Loans and borrowings	4,552	469,575	-	-
Financial guarantees	-	-	23	542
Tax payable	10,550	2,176	-	-
	64,876	530,673	4,596	5,135
Total Liabilities	842,801	872,471	222,605	222,890
Total Equity and Liabilities	2,588,476	2,599,431	449,351	451,709

1(b)(ii) Aggregate amount of the group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30.06.2014		As at 31.12.2013 (Restated)	
Secured	Unsecured	Secured	Unsecured
$4,552,000	-	$469,575,000	-

Amount repayable after one year

As at 30.06.2014		As at 31.12.2013 (Restated)	
Secured	Unsecured	Secured	Unsecured
$553,250,000	$218,009,000	$109,389,000	$217,755,000

Details of any collaterals

The borrowings by the subsidiaries are generally secured by the Group's certain investment properties and certain development properties and are guaranteed by the Company and/or its subsidiaries.

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	The Group $'000	
	2nd Quarter 2014	2nd Quarter 2013 (Restated)
Operating Activities		
Profit before income tax	26,696	15,526
Adjustments for:		
Amortisation of transaction cost of loans and borrowings	577	436
Depreciation of fixed assets	82	116
Gain on remeasurement of other investments	(167)	(38)
Gain on disposal of subsidiary, net	(27,517)	-
Loss on disposal of fixed assets, net	-	3
Loss on disposal of other assets	99	10
Impairment loss (written back)/made on other assets	(17)	16
Interest income	(115)	(43)
Interest expense	4,578	4,278
	4,216	20,304
Changes in working capital:		
Development properties	154	(42,266)
Trade and other receivables	729	1,371
Trade and other payables	(10,458)	2,248
Cash used in operations	(5,359)	(18,343)
Income tax paid	(897)	(1,906)
Interest income received	80	32
Net Cash Used In Operating Activities	(6,176)	(20,217)
Investing Activities		
Capital expenditure on investment properties	(3,282)	(789)
Purchase of fixed assets	(625)	(115)
Purchase of other assets	(45)	-
Proceeds from disposal of other assets	48	1
Disposal of subsidiary, net of cash	33,864	-
Net Cash From/(Used In) Investing Activities	29,960	(903)
Financing Activities		
Interest expense paid	(2,039)	(1,897)
Dividend paid	(9,450)	(3,780)
Payment of finance lease rentals	-	(1)
Repayment of loans and borrowings	(84,865)	(16,027)
Proceeds from loans and borrowings	7,232	3,354
Net Cash Used In Financing Activities	(89,122)	(18,351)
Net Decrease in Cash and Cash Equivalents	(65,338)	(39,471)
Cash and cash equivalents at 1 April	178,686	133,105
Effect of exchange rate fluctuations	(91)	367
Cash and Cash Equivalents at 30 June	113,257	94,001
Cash and Cash Equivalents at 30 June is represented by:		
Cash at banks and in hand	55,107	29,983
Fixed deposits	58,150	64,018
	113,257	94,001

Included in cash and cash equivalents as at 30 June 2014 is an amount held under the Housing Developers (Project Account) Rules of approximately $23,156,000 (2013 : $42,208,000) the use of which is subject to restriction imposed by the said Rules.

Summary of Effect of Disposal of Subsidiary

	The Group
	$'000
	2nd Quarter 2014
Development properties	2,009
Trade and other receivables	8
Cash and cash equivalents	1
Trade and other payables	(97)
Inter-company loans	(9,468)
	(7,547)
Realisation of reserves	170
Assignment of inter-company loans	9,468
Net assets disposed	2,091
Gain on disposal of subsidiary, before transaction costs	32,090
Exchange difference	(316)
Sale consideration	33,865
Cash of subsidiary disposed	(1)
Cash inflow on disposal of subsidiary	33,864

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	$'000							
	Attributable to Owners of the Company							
	Share Capital	Capital and Other Reserves	Treasury Shares	Translation Reserves	Retained Profit	Total	Non-Controlling Interests	Total Equity
The Group								
At 1 April 2013, as previously reported	186,688	2,371	-	(56,698)	1,084,824	1,217,185	-	1,217,185
Effect of adopting FRS 110	-	-	(101,050)	13,975	(10,336)	(97,411)	270,102	172,691
At 1 April 2013, as restated	186,688	2,371	(101,050)	(42,723)	1,074,488	1,119,774	270,102	1,389,876
Total comprehensive income for the period								
Profit for the period, restated	-	-	-	-	12,566	12,566	179	12,745
Other comprehensive income								
Exchange differences on translation of financial statements of foreign subsidiaries	-	-	-	(12,672)	13,306	634	6,417	7,051
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	-	636	-	636	-	636
Total other comprehensive income	-	-	-	(12,036)	13,306	1,270	6,417	7,687
Total comprehensive income for the period, restated	-	-	-	(12,036)	25,872	13,836	6,596	20,432
Transactions with Owners, recognised directly in equity								
Distributions to Owners								
Dividend paid	-	-	-	-	(3,780)	(3,780)	-	(3,780)
At 30 June 2013, as restated	186,688	2,371	(101,050)	(54,759)	1,096,580	1,129,830	276,698	1,406,528
At 1 April 2014	186,688	3,211	(101,050)	(40,983)	1,429,587	1,477,453	254,955	1,732,408
Total comprehensive income for the period								
Profit for the period	-	-	-	-	8,756	8,756	17,149	25,905
Other comprehensive income								
Exchange differences on translation of financial statements of foreign subsidiaries	-	-	-	(1,186)	666	(520)	(2,670)	(3,190)
Exchange differences on monetary items forming part of net investments in foreign subsidiaries	-	-	-	(306)	-	(306)	-	(306)
Net change in capital and other reserves	-	(10)	-	-	-	(10)	318	308
Total other comprehensive income	-	(10)	-	(1,492)	666	(836)	(2,352)	(3,188)
Total comprehensive income for the period	-	(10)	-	(1,492)	9,422	7,920	14,797	22,717
Transactions with Owners, recognised directly in equity								
Distributions to Owners								
Dividend paid	-	-	-	-	(9,450)	(9,450)	-	(9,450)
At 30 June 2014	186,688	3,201	(101,050)	(42,475)	1,429,559	1,475,923	269,752	1,745,675
The Company								
At 1 April 2013	186,688	-	-	-	43,154	229,842	-	229,842
Profit for the period - Total comprehensive income for the period	-	-	-	-	4,810	4,810	-	4,810
Transaction with Owners, recognised directly in equity								
Distributions to Owners								
Dividend paid	-	-	-	-	(4,749)	(4,749)	-	(4,749)
At 30 June 2013	186,688	-	-	-	43,215	229,903	-	229,903
At 1 April 2014	186,688	-	-	-	41,022	227,710	-	227,710
Profit for the period - Total comprehensive income for the period	-	-	-	-	10,908	10,908	-	10,908
Transaction with Owners, recognised directly in equity								
Distributions to Owners								
Dividend paid	-	-	-	-	(11,872)	(11,872)	-	(11,872)
At 30 June 2014	186,688	-	-	-	40,058	226,746	-	226,746

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Nil.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	The Company	
	30.06.2014	31.12.2013
Total number of issued shares excluding treasury shares	791,465,621	791,465,621

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

NA.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

NA.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the Group's and the Company's audited financial statements for the year ended 31 December 2013.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted various new/revised Financial Reporting Standards (FRS) which became effective for the Group's financial year beginning on 1 January 2014. These FRS, amendments to FRS and interpretations are set out below:

Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, which clarifies the existing criteria for net presentation on the face of the statement of financial position.

Under the amendments, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The Group does not expect any significant financial impact on its financial position from the adoption of amendment to FRS 32.

FRS 110 *Consolidated Financial Statements,* which changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power with the investee. FRS 110 introduces a single control model with a series of indicators to assess control. FRS 110 also adds additional context, explanation and application guidance based on the principle of control.

The Group has re-evaluated its involvement with investees under the new control model. Based on its assessment, the Group is required under FRS 110 to consolidate Winfoong International Limited and its subsidiaries as well as Hong Fok Land International Limited and its subsidiaries.

In accordance with FRS 110, this change in accounting policy was applied retrospectively. According, the effects of the Group's financial statements arising from the adoption of FRS 110 are as follows:

	Group $'000 2014 Increase/ (Decrease)	Group $'000 2013 Increase/ (Decrease)
Balance sheet as at 1 January		
Capital and other reserves	5	554
Treasury shares	(101,050)	(101,050)
Translation reserves	12,768	14,639
Retained profit	(6,335)	(10,335)
Non-controlling interests	258,185	266,844
Total Equity	163,573	170,652
Balance sheet as at 31 December		
Non-current Assets		
Fixed assets	-	328
Associates	-	(184,524)
Investment properties	-	383,700
Other assets	-	399
Current Assets		
Other investments	-	112
Development properties	-	42,756
Trade and other receivables	-	14,314
Cash and cash equivalents	-	15,480
Total Assets	-	272,565
Non-current Liabilities		
Loans and borrowings	-	101,728
Current Liabilities		
Trade and other payables	-	6,040
Loans and borrowings	-	1,257
Tax payable	-	(33)
Total Liabilities	-	108,992
Net Assets	-	163,573
Income statement for the period ended 30 June		
Revenue	-	1,852
Other income	-	28
Depreciation of fixed assets	-	25
Exchange loss, net	-	6
Gain on remeasurement of other investments	-	(25)
Other expenses	-	2,290
Finance expenses	-	262
Share of results of associates, net of tax	-	76
Income tax expense	-	138
Non-controlling interests	-	(179)
Profit attributable to owners of the Company	-	(969)
Increase in basic earnings per share (cents)	-	0.28
Increase in diluted earnings per share (cents)	-	0.28

FRS 112 *Disclosure of Interests in Other Entities*, which sets out the disclosures required to be made in respect of all forms of an entity's interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The adoption of this standard would result in more extensive disclosures being made in the Group's financial statements in respect of its interests in other entities.

As FRS 112 is primarily a disclosure standard, there will be no financial impact on the results and financial position of the Group and the Company upon adoption of this standard.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	The Group	
	2nd Quarter 2014	2nd Quarter 2013 (Restated)
Earnings per ordinary share of the Group after deducting any provision for preference dividends:		
(a) Based on the weighted average number of ordinary shares on issue; and	1.39 cts	1.99 cts
(b) On a fully diluted basis (detailing any adjustments made to the earnings)	1.39 cts	1.99 cts

The basic and diluted earnings per ordinary share of the Group were calculated based on the consolidated profit for the period of approximately $8,756,000 (2013 : $12,566,000) and the weighted average number of ordinary shares outstanding of 630,020,501 (2013 : 630,020,501) which excludes ordinary shares held by an investee.

There are no potential dilutive ordinary shares in existence as at 30 June 2014 and 30 June 2013.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

(a) current financial period reported on; and
(b) immediately preceding financial year.

	The Group		The Company	
	30.06.2014	31.12.2013 (Restated)	30.06.2014	31.12.2013
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares and excluding ordinary shares held by an investee	234 cts	233 cts	29 cts	29 cts

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

The Group's revenue for the current period decreased by approximately $58.9 million due to no recognition of sales revenue from the residential units of Concourse Skyline for the current period.

The decrease in the Group's other income was due mainly to the loss on disposal of a club membership.

In the current period, the Group's investee disposed the entire issued share capital of its wholly owned subsidiary which resulted in a gain on disposal.

The gain on remeasurement of other investments was due to the recorded bid price being higher in the current period as compared to the previous period.

The Group recorded a decrease in income tax expense due to certain gains not subject to tax.

The Group's profit for the period therefore, increased by approximately $13.2 million.

The increase in fixed assets was due mainly to the purchase of motor vehicles.

The decrease in other assets was due mainly to the disposal of a club membership.

The decrease in development properties was due mainly to the receipt of Temporary Occupation Permit (TOP) for Concourse Skyline in March 2014.

The increase in trade and other receivables was due mainly to the recognition of the remaining 15% of sales consideration as accrued receivables upon receipt of TOP for Concourse Skyline. This increase was partially offset by the reclassification of progress payments made for the acquisition of 8 residential units to investment properties upon receipt of its TOP in March 2014.

The increase in cash and cash equivalents was due mainly from collection of progress payments upon receipt of TOP for Concourse Skyline and monies drawdown from the development charge loan facility in March 2014.

The Group recorded a decrease in trade and other payables due mainly to payment made to creditors and contractors.

The Group has refinanced its secured loans due in the third quarter of 2014, thus resulting in the reclassification of the said loans from current liabilities to non-current liabilities.

The increase in tax payable was mainly due to the TOP for Concourse Skyline. This also explained for the absence of deferred tax liability in the current period.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

NA.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group expects rental revenue from the office units to remain stable.

With the leasing of its retail and residential units of Concourse Skyline, the Group expects the rental revenue from the residential units to improve.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

None.

(b)(i) Amount per share ………. cents

NA.

(ii) Previous corresponding period ……… cents

NA.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

NA.

(d) The date the dividend is payable.

NA.

(e) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

NA.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared/recommended for the second quarter ended 30 June 2014.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have a general mandate from shareholders for interested person transactions.

BY ORDER OF THE BOARD

Koh Chay Tiang
Dorothy Ho
Company Secretaries
14 August 2014

HONG FOK CORPORATION LIMITED

CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

The Directors of Hong Fok Corporation Limited ("the Company") confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the Second Quarter Financial Statement on the unaudited results of the Company and of the Group for the period ended 30 June 2014 to be false or misleading in any material respect.

On behalf of the Board of Directors

Cheong Sim Eng

Cheong Hooi Kheng

Singapore
14 August 2014

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